Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy ... L 1300	S. Arabia ... Rls 6.00
Belgium ... Bfr 42	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain ... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... L 8.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... LFr 42	Switzerland ... SFr 2.20
Finland ... Fmk 6.00	Malaysia ... Rm 4.25	Taiwan ... NT $65
France ... Fr 6.00	Mexico ... Pes 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 210
Greece ... Dr 70	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 6.00	U.S.A. ... $1.00
India ... Rup 15	Philippines ... Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Sanctions: why the stakes are so high, Page 11

World news

Reagan in new test for cancer

President Ronald Reagan had a piece of skin removed from his nose and checked for cancer.

White House spokesman Larry Speakes described the test as routine.

He said the President had had a "bump" on his nose for months and that it had become irritated by adhesive tape while he was in hospital for cancer surgery last month.

Ciampi to stay

Sig Carlo Ciampi, Governor of the Bank of Italy and Sig Giovanni Goira, the country's Treasury Minister, withdrew their resignations offered after Prime Minister Bettino Craxi on Wednesday criticised the central bank's failure to intervene on July 19 as the lira crashed. Sig Craxi has since expressed confidence in the men. Page 2

Uganda pledge

Paulo Muwanga, Uganda's new prime minister, promised to "stop bloodshed" at a brief swearing-in ceremony in Kampala. The military regime offered to hold talks with members of a guerrilla army, NRA. Page 3

Peru lifts wages

Peru's new Government announced an emergency economic plan which froze prices, cut loan rates and lifted minimum wages by 50 per cent. Earlier story, Page 4

Weapons 'plot'

Six people were arrested in the U.S. after FBI investigations for allegedly plotting to smuggle military weapons worth millions of dollars to Iran. Page 4

Nicaragua alert

Nicaragua's armed forces were placed on full alert after a U.S. aircraft carrier was detected off the country's Caribbean coast.

Emergency force

India plans to set up a special national security force to replace the army in quelling domestic disturbances.

More UK jobless

The number of people registered as unemployed in Britain rose by 56,000 to 3.235m during July. Page 5

Supplies improve

The distribution of famine relief supplies has improved significantly in the Ethiopian provinces of Tigre and Eritrea, according to a UN spokesman.

Drugs pair 'to hang'

Two Australians found guilty of trafficking in heroin in Malaysia were sentenced to death by hanging in the High Court in Penang.

War on cold

West Germany's army is to spend DM 485m ($165m) on woolly socks, fur-lined gloves, thermal underwear and helmets to plug a gap in its military preparedness discovered during winter exercises when nearly 1,000 soldiers suffered frostbite.

Firemen killed

Four firemen were killed as fires raced through forests about 10 km west of Cannes.

Beach blast

Two Swedish tourists were injured when a bomb exploded on a beach in Benidorm.

Soccer peace tour

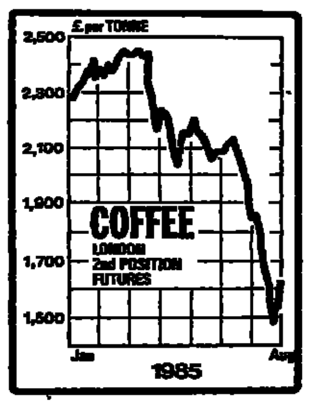
Members of the Juventus supporters club arrived in Liverpool from Turin for a goodwill visit, in an attempt to heal the rift caused by the Brussels soccer tragedy.

Business summary

Siemens lifts profits by 63%

SIEMENS, West German electrical and power engineering group, said nine-month net profits rose 63 per cent to DM 1.047bn ($373m) after a strong third quarter. Page 12

U.S. congressional budget negotiators approved a 1986 budget that would cut the expected deficit next year by $55bn. Final Congressional approval by the Senate and House of Representatives was expected later last night. Earlier story, Page 4



COFFEE prices rose in London on sterling's weakness and concern about lack of rain in Brazil. The September position closed £45.50 higher at £1,629.50 a tonne. Page 26.

WALL STREET: At 3pm the Dow Jones industrial average was up 7.62 at 1,355.06. Page 34

LONDON shares enjoyed their best session of the summer with the FT Ordinary index up 16.8 to 959.9. Gilts were quietly firm. Page 34

FRANKFURT stocks were boosted by overseas buying and corporate results. The Commerzbank index rose 32.0 to 1,383.4. Page 34

DOLLAR was firmer in London, rising to DM 2.8215 (DM 2.8055), FFr 8.59 (FFr 8.56), SwFr 2.32 (SwFr 2.306) and Y237.55 (Y236.65). On Bank of England figures the dollar's index rose to 137.4 from 136.5 Page 27

STERLING was weak in London, losing 2.55 cents against the dollar to finish at $1.383. It also declined to DM 3.9 (DM 3.955), FFr 11.86 (FFr 12.0575), SwFr 3.2 (3.245) and Y327.75 (Y333.5). The pound's exchange rate index fell 1.4 to 82.1. Page 27

GOLD fell $2.75 on the London bullion market to $322.50 but was unchanged in Zurich at $326.25. Page 26

In New York the Comex August settlement was $320.00.

BRAZILIAN ministers are rethinking proposed public sector deficit cuts, after IMF signals that more may be needed before talks on austerity plans can proceed. Page 4

BRITISH financial institutions raised overseas earnings by 14 per cent last year to £6.1bn ($8.6bn) Page 6

SANKO STEAMSHIP, which operates one of the world's biggest tanker fleets, suffered a further increase in group net losses to Y75.77bn ($321m) from Y70.26bn in the year to March. Page 15

HOARE GOVETT, UK stockbroker, and Security Pacific, the U.S. banking group, are setting up a joint company to provide backup services for financial institutions.

CHASE MANHATTAN, the New York bank, has received approval from the Spanish Government to proceed with the takeover of Banco de Finanzas, a small Madrid-based industrial bank. Page 13

GUINNESS PEAT Properties, international property developing arm of the UK financial services group is in the final stages of talks on a management buyout. Page 8

CBS: Shares in the U.S. media group fighting a takeover proposal from Atlanta broadcaster, Ted Turner, fell sharply after the company announced its $955m share buy-back scheme was four times oversubscribed. Page 13

Rand steadies as Pretoria faces increasing unrest

BY JIM JONES IN JOHANNESBURG AND OUR FOREIGN STAFF

A NERVOUS calm settled on South Africa's financial markets yesterday despite the continuing international moves to impose selective economic sanctions, and news of further unrest around the country.

Members of the European Community, who early yesterday summoned their ambassadors to South Africa to Brussels for consultations, continued efforts to co-ordinate anti-apartheid measures.

In London Mrs Margaret Thatcher, the British Prime Minister, repeated her opposition to sanctions. She and M Laurent Fabius, the French Prime Minister, agreed to differ at their Downing Street meeting. Although Mrs Thatcher stressed Britain's opposition to apartheid.

France is playing a leading role in the Community's efforts to include selective santions in a tougher approach to Pretoria.

The rand, which fell 10 per cent on Wednesday, recovered at end of trading yesterday to slightly under 46 U.S. cents, despite confirmation by banking sources that Chase Manhattan, the New York banking group, had ended new loans to South Africa and had refused to roll over existing loans as they matured.

The market seemed reassured by the intervention of Dr Gerhard de Kock, governor of the Reserve Bank, who told businessmen no additional restrictions would be placed on the export of capital from the country, and interest rates would not rise.

In Washington Senator Robert Dole, majority leader, confirmed that final congressional approval of U.S. economic sanctions against South Africa would be held up for more than a month, following the threat of a right-wing filibuster in the Republican-led Senate.

The delay would mean President Ronald Reagan would have until at least September to decide whether to veto the sanctions package, to which the White House repeated some of its objections yesterday.

In New York the Chase decision threw U.S. bankers into confusion yesterday. Several major banks confirmed that they were reducing their private sector lending to South Africa but most others staunchly defended their South African private lending practices.

Chase, the third largest U.S. banking group, is believed to have less than $500m in private sector loans outstanding to South African borrowers, most of it to banks.

It is the second major U.S. banking group to take this action. In late March, Bank of Boston, the 16th largest banking group in the U.S., extended to private borrowers its 1978 policy of making no new loans to the South African public sector.

There are indications that several other banks might follow suit. Citicorp, however, the world's largest banking group, said yesterday that despite "deep concern" about events in South Africa it believed its presence provided "a positive force for opposition to apartheid."

Political tensions in South Africa increased yesterday as the Bishop Desmond Tutu, warned that he would ignore a newly-introduced ban on political speeches and large gatherings at the funerals of anti-apartheid demonstrators.

Bishop Tutu, seen by many observers as playing a moderating role in the violence which has cost nearly 500 lives in the past year, said: "I will not be told by any secular authorities what gospel I must preach."

His stand, likely to be followed by other black religious leaders, could lead to further confrontations with the Government, whose wide-rang-

Continued on Page 12

Editorial comment, Page 10; Why the sanctions stakes are so high, Page 11

New York deal takes Fleming into U.S. banking

By David Lascelles in London and Paul Taylor in New York

ROBERT FLEMING, the UK merchant banking group, is to enter Wall Street by buying F. Eberstadt, a medium-sized New York investment bank. The deal marks a further important geographical advance for Fleming, which already has one of the largest UK merchant banking operations in the Far East.

Fleming's announcement coincided with confirmation that L. F. Rothschild, Unterberg Towbin, the Wall Street investment bank, which is 50 per cent owned by J. Rothschild Holdings of London, had received an approach from a group headed by Mr Marshall S. Cogan. Mr Cogan, whose General Felt Industries owns Sotheby's, is considering investing in the firm, either by buying new shares or acquiring a stake from an existing shareholder.

Fleming is not disclosing the terms of its acquisition of Eberstadt. However, the price includes payment equivalent to Eberstadt's net asset value of $16.5m plus further payments to the partners based on the group's profits over the next four years.

The acquisition will take the form of a merger of Eberstadt with Fleming's existing U.S. operations, which consist principally of a 20-strong New York office. Mr Joe Burnett-Stuart, chairman of Flemings, will become chairman of a new company, Eberstadt Fleming. Mr Pike Sullivan, chairman of Eberstadt, will become a director of the Fleming holding company.

Mr Burnett-Stuart said yesterday that the merger would "enhance significantly our international investment banking business and give our research a breadth few others can match."

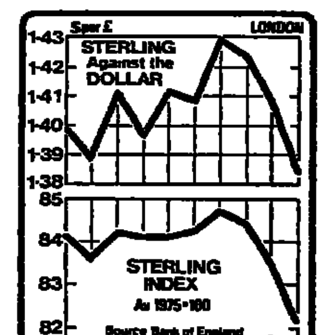
Mr Sullivan said that Fleming fitted in well with Eberstadt and would give it access to overseas research and securities markets in the Pacific Basin and Europe.

Eberstadt, which has a staff of 170, is noted for its expertise in chemicals and technology. It is engaged in brokerage, institutional finance, mergers and acquisitions, information services and venture capital.

Fleming is known for its merchant banking and dealing business, particularly in Far East securities through Jardine Fleming, its joint venture with Jardine Matheson. It recently reported after-tax earnings of £18.5m for the year ending March 31, when its stockholders' equity totalled £170m ($235m).

£ lower on rate and oil price fears

BY ROBIN PAULEY IN LONDON



STERLING FELL sharply against the dollar and most other leading currencies in London yesterday.

Currency dealers sold sterling heavily after taking fright about the prospect of further cuts in British interest rates and the possibility of lower oil prices if Saudi Arabia carries out its threat to raise its oil output.

While the currency markets were reacting nervously, however, London equities had a strong day with the FT 30-share index closing at 959.9, a rise of 16.8 on Wednesday's close – the largest one-day rise since January 30.

Sterling lost more than 2½ cents on the day in London, falling to a low of $1.3725 during the afternoon before rallying a little to close at $1.3830 compared with the previous day's close of $1.4085.

Other currencies benefited from the sudden unpopularity of sterling, which fell back under FFr 12 to close at FFr 11.86 compared with an opening FFr 12.0575. Sterling fell to DM 3.90 from DM 3.9550 in London and to DM 3.8925 at the Frankfurt close.

The afternoon rush out of sterling and into the dollar and European currencies helped push the sterling index, against a trade weighted basket of currencies, down as low as 81.7 during the afternoon. It recovered to close at 82.1 compared with a close of 83.5 the previous day and an opening 83.0 yesterday morning. However, even yesterday's low point is likely to be regarded as perfectly satisfactory by the British authorities who were largely unconcerned by yesterday's nervous selling, which dealers admitted last night had been overdone.

In fact, as sterling faded so did the prospects of another cut in base lending rates which started the anxiety. UK interest rates firmed with the three-month interbank rate closing ¼ up at 11⅞ per cent. This helped the slight late afternoon recovery by sterling.

The oil price anxiety was sparked by Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, repeating his view that Saudi Arabia might have to raise its oil production from around 2.5m barrels per day to its agreed Opec ceiling of 4.35m b/d. He again gave no indication of when this might happen.

Money markets, Page 27

Steep profit surges at Barclays and Midland

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

BARCLAYS BANK, the UK's largest, delighted London markets yesterday by announcing pre-tax profits of £431m ($607m) for the first half of this year. This is an increase of 40 per cent on last year's first half, and represents the highest earnings made by a UK bank in a six-month period.

Barclays' shares gained 17p on the stock exchange to close at 382p, dispelling the gloom caused by the disappointing results from National Westminster Bank on Tuesday.

Midland Bank, number three in the UK also reported its interim results yesterday. These showed pre-tax profits of £151m, more than double the £70m it earned in the first half of last year when it was bearing heavy losses through Crocker National Bank, its Californian subsidiary.

The result was in line with expectations, and Midland's shares eased 3p to 387p.

Sir Timothy Bevan, Barclays chairman, attributed the sharp improvement in Barclays' performance largely to the bank's activities in the UK where higher interest rates, rising income from fees and bank charges and a campaign against costs had boosted earnings. Barclays' other operations in the UK, such as Barclaycard, Mercantile Credit and Barclays Merchant Bank, also did well.

But small companies, which represent the bulk of Barclays' UK customers, are still feeling the effect of the last recession. And though Barclays is trying to nurse hundreds of them back to health, their losses are forcing the bank to make heavy provisions against bad debts.

Barclays is also doing well outside the UK, particularly in the U.S. However, its South African business, represented by a 50.4 per cent interest in Barclays National Bank, the republic's largest bank, has been hit by recession and high interest rates. Profits there were £20m, down from £27m in the first half of last year.

Sir Timothy said that the recent disturbances in South Africa had not altered Barclays' intention to maintain a long-term presence in the country.

He also regretted the recent defections of partners from Wedd Durlacher, the London firm of stockjobbers (market makers) Barclays is buying, but said that Barclays would still plough into the business the purchase money that the partners had sacrificed through their departure.

Midland Bank's results showed the long-awaited improvement after the shocks caused by Crocker in the U.S., which made a small first-half profit against a loss of £80m in the same period last year. At the trading level, all major parts of Midland's business did better.

However, Sir Donald Barron, the chairman, said Midland felt it prudent to increase its provision for bad and doubtful debts because of continuing strains at home and abroad. Taking these into account.

Continued on Page 12

Lex, Page 12

Deutsche Bank, West Germany's biggest commercial bank and the last of the country's big three banks to indicate its first-half performance, is set for another year of record earnings after lifting its operating profit by 7.1 per cent in the opening six months. Page 13

Sharp recovery for Tokyo share prices

BY CARLA RAPOPORT IN TOKYO

TOKYO share prices bounced back dramatically yesterday, regaining most of the ground lost in the heavy selling session earlier in the week.

The Nikkei-Dow market average gained 306.07 points to 12,538.34, the biggest one-day rise since 1981 and the second largest on record. During the first three days of the week, the index lost 458 points with Tuesday's fall the second largest drop on record.

Analysts credited the recovery to a "technical rebound," boosted by brokers covering short positions.

Mr Jeffrey Burns, an assistant manager with Daiwa Securities, said: "The market often overreacts after panic buying or panic selling. This is mostly bargain hunting and prices should drop back again."

Financial stocks and non-life insurances, which triggered selling earlier in the week, led the recovery. Prices for these and other favourite stocks such as property and domestic as opposed to exporter issues, have soared as much as 40 per cent since March.

The week's fluctuations have had little to do with the Japanese Government's package of measures announced on Tuesday to open up markets for imported goods.

Most of the contents of the package had been taken into account by investors months ago. None the less, in the early days of the week, any news was bad news.

Market report, Page 34

Michelin seeks up to FFr 1bn

BY DAVID MARSH IN PARIS

MICHELIN of France, the world's No 2 tyremaker after Goodyear, is planning a capital increase to raise FFr 500m to FFr 1bn ($58m to $116m) in new money this autumn through its first rights issue for 15 years.

The company's decision to return to the stock market, confirmed by company officials yesterday after several days of rumours, is part of a capital strengthening which has already seen the issue in June of a FFr 500m convertible Euro French franc bond.

The company, which has lost more than FFr 8bn in the last three years, is now slowly on its way to recovery after large-scale efforts to cut jobs and restructure its activities.

Conditions for the capital increase, which will increase, perhaps by about FFr 60m to FFr 120m, the parent company's present nominal equity capital of FFr 497m, will be decided on the basis of market conditions, possibly in September. The company has already boosted capital by 4.14m shares of a nominal FFr 120 – through a series of conversions of bonds in recent years. The share issue will use up a further portion of the overall FFr 2bn capital increase authorisation agreed by shareholders earlier this summer.

Michelin last year reported a group loss of FFr 2.24bn, slightly higher than 1983's FFr 2.14bn, after heavy provisions. Results will be considerably improved this year by a sharp cut in its wage bill after labour reductions which have cut the world-wide workforce to 110,000 from 137,000 in 1980.

Michelin yesterday quashed speculation that it was aiming to bring fresh shareholders into the company, saying that the new issue would be open only to existing shareholders and attractive terms.

Michelin currently has about 70,000 shareholders with the most important, the Caisse des Depot et Consignations, owning less than 5 per cent. The Michelin share price has risen steeply this year, although it has fallen back over the past month in line with the general downturn on the Paris bourse. Yesterday shares closed at FFr 1,050 against FFr 1,195 at the end of June.

CONTENTS

EUROPEAN NEWS

STUDY SAYS STORING SPENT FUEL IS CHEAPER

Value of N-reprocessing doubted

BY DAVID MARSH IN PARIS

ELECTRICITY COMPANIES running nuclear power stations are likely to find direct storage of spent fuel cheaper than reprocessing to separate reusable plutonium and uranium, according to a study from the Paris based Nuclear Energy Agency.

The report by an offshoot of the Organisation for Economic Co-operation and Development has been drawn up after extensive analysis by governments and utilities from the main 17 industrial countries with nuclear interests.

The difference between the cost of direct long-term storage of spent fuel and of reprocessing is relatively small — about 10 per cent. Because nuclear fuel cycle costs account for 20-40 per cent of the total cost of electricity produced in pressurised water reactors (PWRs), this difference works out at only 3-4 per cent of generating costs, according to the NEA.

None-the-less, the report is bound to cast a cloud over the economics behind the commercial reprocessing facilities operated in both France and Britain, as well as the decisions by West Germany and Japan to construct their own reprocessing plants for the 1990s.

Cogema, the French state nuclear fuels company which runs the world's only commercial reprocessing complex for PWR fuel at La Hague on the Normandy coast, believes the cost difference between the two options is relatively insignificant.

Reprocessing through remote-control chemical treatment separates burnt PWR fuel into plutonium (about 1 per cent) and uranium (96 per cent) with a slightly higher fissile content than natural uranium — both of which are re-usable—and radioactive waste products.

Over the last few years the economic usefulness of reprocessing has been called into question because of severe delays in programmes for constructing plutonium-burning fast reactors. Utilities have also fought shy of re-using reprocessed uranium in PWRs. This reflects not only its higher radioactivity and other technical complications, but also the current abundance of enriched uranium on the world market.

The NEA study, which compares different fuel cycle options for PWRs being commissioned in 1995, is strongly dependent on assumptions of future uranium price movements. The figures are based on a standard assumption that prices of natural uranium delivered to utilities, which have been declining sharply since 1980, especially in Europe, will rise by 2 per cent a year in real terms from a January, 1984, price of $32 per pound.

If uranium prices rise by more than this, reprocessing would become more competitive compared with direct fuel disposal, while the cost difference would widen further if the uranium price were to rise less fast, or fall.

The NEA's findings have been heavily influenced by a five-fold increase in reprocessing costs in constant currency over the last ten years.

This has been caused by technical difficulties in converting plants like La Hague from treating natural uranium to high burn-up PWR fuels, as well as tighter safety standards.

Cogema, which is expanding the La Hague plant at a total cost of FFr 50bn (£4bn) for use by Electricité de France and a batch of foreign utilities during the 1990s, believes that the real price of reprocessing could start to fall now that technical difficulties have been ironed out.

In detail, the NEA concludes that the full PWR fuel cycle — including the cost of uranium purchase and enrichment, as well as spent fuel transport and storage — costs $8.56 per 1,000 kWh of electricity for the "reprocessing cycle" against $7.78 for the "once-through" cycle of direct disposal.

This is even after taking into account the economic value of plutonium and uranium recovered by reprocessing. Plutonium is given a theoretical credit value of $15 per gram, which offsets the overall cost of the "reprocessing cycle." Utilities currently put a practical value on plutonium of much less than this.

The NEA figures for the cost of direct storage draw heavily on Swedish plans for long-term storage of spent fuel in underground caverns, decided in line with the country's policy of shunning reprocessing and abandoning nuclear energy from 2001 onwards.

Kevin Done on the start of Stockholm's waste disposal scheme

Sweden's nuclear reaction cools

SWEDEN HAS started to store highly-radioactive nuclear waste at a SKr 1.7bn (£145.8m) central storage facility for spent fuel on the country's east coast. It is a vital step forward in the completion of the country's nuclear fuel cycle.

However, the country's power utilities now face the problem of extricating themselves from a SKr 4.8bn contract with Cogema for the reprocessing of nuclear waste in France, which the new storage facility has made redundant.

The intermediate nuclear waste repository (Clab) was built during the last five years and has been completed without any of the legal wrangles and delays experienced by nuclear programmes elsewhere in Europe. In West Germany, in particular, plans for intermediate storage in Gorleben and Ahaus have been halted again by court actions in recent weeks.

No country saw a more heated debate over nuclear power than Sweden in the late 1970s. It culminated in a nuclear referendum in 1980, which decided in favour of a gradual phasing out of nuclear power by the year 2010.

Since the referendum, the nuclear power industry has been allowed to press ahead with its planned construction programme of 12 nuclear reactors. The programme climaxes later this year with the commissioning of Sweden's two biggest nuclear reactors each with 1050 megawatt, Oskarshamn 3 and Forsmark 3.

The two reactors, each built at a cost of more than SKr 10bn, are the last in the nuclear programme and are expected to enter full commercial operation during the autumn. Nuclear power should provide about 50 per cent of Sweden's electricity supply by next year, one of the highest levels of nuclear power generation in the world.

Since 1980, no Swedish Government has chosen to face the issue of planning in practice how nuclear power should be phased out, preferring to delay such an emotive political decision to the end of the 1980s or later.

> Sweden has begun to store its highly-radioactive nuclear waste in containers under the sea in specially-built subterranean caverns. Now, despite weakening opposition to nuclear power, the Government must begin to consider the problem of how to carry out the 1981 referendum decision to phase out the programme by 2010

Anti-nuclear feeling in Sweden, meanwhile, which was fanned by the Three Mile Island incident in the U.S. in 1979, appears to be weakening, according to recent opinion polls.

Fears are growing about the environmental consequences of two obvious alternatives to nuclear power, coal-fired power stations or a drastic expansion of hydro-electric power.

The new intermediate storage facility for nuclear waste (Clab), built beside the Oskarshamn nuclear power station, will collect waste from the 12 Swedish reactors.

The spent fuel will be kept under the sea for 30-40 years in storage basins in a specially-constructed subterranean cavern. The aim is to reduce both the temperature and radioactivity of the waste during the intermediate storage, making it easier to handle once plans for final disposal are agreed.

Clab has a present storage capacity of up to 3,000 tonnes of spent fuel, sufficient to take all the waste now stored at Sweden's nuclear power stations together with that will be created during the next 10 years.

The Clab facility will be expanded later to cope with the rest of the total of 7,500 tonnes of spent fuel, which is expected to be produced during the whole life of the Swedish nuclear programme up to the year 2010.

Sweden is one of the few countries using nuclear power to have chosen the route of direct storage of nuclear waste without reprocessing, which means it will sacrifice the uranium and plutonium that can be regained from the spent nuclear fuel.

A final repository for storing low- and medium-level reactor waste for up to 500 years is under construction on Sweden's east coast close to the Forsmark nuclear reactors at a cost of some SKr 1.25bn. Various sites are being investigated for the construction of a final repository for high-level and long-lived waste. The investigations are expected to be completed by around 1990.

Before the Clab was commissioned a small part of Sweden's nuclear waste was transported to the French reprocessing plant at La Hague.

A contract with Cogema for reprocessing 672 tonnes of spent fuel was signed when the Swedish authorities were still not satisfied with domestic nuclear waste disposal plans. It was a vital condition for being allowed to load some of the earlier reactors.

The Swedish utilities have succeeded in getting Japanese power companies to take over about 25 per cent of the contract, but they face a liability of SKr 3.6bn in the years to 1995 unless they find other utilities to take over the remaining share in the Cogema plant.

Mr Gorbachev . . . overall wartime control of the military

Gorbachev is defence supremo

By Our Moscow Correspondent

A KREMLIN spokesman disclosed yesterday that Mr Mikhail Gorbachev, the Soviet leader, is the head of the secretive and powerful Soviet Defence Committee, a post which would give him overall war-time control of the military.

Mr Gorbachev's three predecessors all held the key defence chairmanship but they all combined party leadership with being President. Mr Gorbachev broke with this tradition by appointing the veteran Foreign Minister, Mr Andrei Gromyko, as President last month.

Mr Leonid Zamyatin, who heads the party Central Committee's International Information Department, confirmed what Western military experts assumed—that the party leader automatically controls the Defence Council.

The Soviet military establishment has seen a number of high-level changes in recent weeks, including the replacement of the missile forces chief and head of the political wing.

Also at yesterday's Press conference, Mr Georgi Kornienko, First Deputy Foreign Minister, urged the U.S. to reconsider its rejection of Moscow's offer of a five-month nuclear weapons test ban.

Yugoslav debt talks go into fourth day

YUGOSLAVIAN officials, led by Mr Vlado Klemencic, Finance Minister, yesterday held a third day of talks in London with a co-ordinating committee of international creditor banks led by Manufacturers Hanover Trust, Alexander Nicoll writes.

The negotiations, on terms of a $3.5bn rescheduling package, are expected to conclude today. Interest margins on debt to be rescheduled have been the main obstacle to an agreement.

Madrid completes sale of Rumasa

Spain's Socialist Government has completed the reprivatisation of Rumasa, the business empire expropriated by the state in 1983 after making losses of almost $3bn, the Finance Ministry said yesterday. Reuter reports

"We have found buyers for 224 companies, with only five still awaiting sale for technical reasons," a spokesman said. It has cost the Government more than Pta500bn (£2bn) to privatise the various parts of the holding company

Craxi attempts to calm controversy over Bank of Italy

BY ALAN FRIEDMAN IN MILAN

THE ITALIAN Prime Minister, Sig Bettino Craxi, was yesterday trying to dampen the controversy caused by his criticism of the Bank of Italy over the lira crisis on July 19. His remarks led Sig Carlo Ciampi, the bank's governor, and Sig Giovanni Goira, the Treasury Minister, to offer their resignations on Wednesday.

Sig Craxi had told the Senate he was unsatisfied with explanations about the so-called "Black Friday affair" when the central bank failed to intervene as the lira crashed by 20 per cent against the dollar.

His comment brought him under heavy fire from his coalition partners yesterday and he was expected to make a statement in parliament last night clarifying his position.

Sig Ciampi and Sig Goira, meanwhile, have agreed not to resign after being assured by Sig Craxi that he still has confidence in them.

As a result of the controversy, the closing session of Parliament, which should have seen a triumphant vote of confidence in the Government, turned into a political melodrama. The votes of confidence, in both the Senate and Chamber of Deputies, were requested by Sig Craxi on Wednesday as a sign of approval for his coalition's programme.

Late on Wednesday night, Sig Craxi issued a hastily written statement saying he had rejected the two resignations and had full confidence in the Bank of Italy. But yesterday the Christian Democrats, the party to which Sig Goria belonged, expressed outrage at Sig Craxi's criticism.

The Christian Democrat newspaper, Il Popolo, spoke of "a worrying lack of respect from the head of government for either the autonomy of a state company or the nation's most authoritative financial institution, which stands accused of grave irresponsibility even before the facts have been fully ascertained."

Sig Craxi had also attacked ENI, the state energy group which precipitated the lira's crash when it ignored a request from the Bank of Italy to postpone its purchase of $125m.

The Bank of Italy is generally considered to be the most prestigious and politically independent government institution in Italy. While recent Italain governments have generally taken very little effective action to cut the public spending which contributes to a runaway public sector deficit (and high inflation), the central bank has traditionally followed a tight monetary policy and has repeatedly urged public spending discipline.

Austrian wine scandal spreads to grape juice

BY PATRICK BLUM IN VIENNA

AUSTRIA'S wine scandal has taken a new twist with the announcement that diethylene glycol—a chemical used in anti-freeze which can cause brain and kidney damage—has been found in a grape juice and sekt, a local sparkling wine.

Herr Georg Lindner, the senior Health Ministry toxicologist in charge of the country-wide investigation into the doctored wine, said yesterday that officials were checking all makes of grape juice after 1g of the chemical had been found in a grape juice carton marked 100 per cent fruit juice. Officials said yesterday that while the search into doctored wines was continuing, checking of fruit juices was given priority as these are widely drunk by children, the sick and the elderly. More than 230 doctored wines have now been listed by the Ministry.

The announcement was greeted with dismay by the Austrian fruit juice producers' association which fears that its exports could suffer the same fate as those of Austrian wines which have plummeted as a result of the scandal. Austria has been especially successful in selling its juices and exports are worth about Sch 860m (£30m) a year, much of which goes to the Middle East.

Herr Lindner said that numerous tests of grape and other juices had brought to light only one case of contamination with the chemical.

Meanwhile in Linz, officials said they had found diethylene glycol in a bottle of sket labelled Clotar Bouvier Graz, although its exact origin is still unknown.

Six more people were arrested yesterday bringing the total number of those detained to 28, all of whom are being held pending investigations into serious fraud, although none has been officially charged yet.

Chemical discovered in more German wines

BY PETER BRUCE IN BONN

THE DEEPENING scandal over the discovery of more than 100 Austrian wines laced with the anti-freeze chemical diethylene gylcol as an artificial sweetener is now seriously threatening the German wine industry as well.

In the past two days West German health authorities have discovered potentially dangerous traces of the chemical in seven local wines, bringing the total number of affected German wines to 11 and severely shaking the country's biggest wine trader, the House of Pieroth.

Yesterday, Saarland health inspectors identified two doctored wines, one produced by Pieroth. Anti-freeze has now been discovered in seven wines sold by Pieroth or its subsidiaries and police in Rhineland Palatinate are considering bringing charges against one of Pieroth's cellar-masters for mixing some imported Austrian wine with the local product.

Pieroth is the world's leading exponent of selling wines directly to the public and many commentators here believe it will be unable to escape the effects of the scandal unscathed. The group sells around 40m bottles of wine a year, giving it a turnover last year of DM 641.5m (£160m), 45 per cent of which are exported

S. Africa exposes Dutch sense of guilt

By Laura Raun In Amsterdam

SOUTH AFRICA gnaws at the Dutch with a deep guilt that never has been resolved. For years a swathe of anti-apartheid movements have sought measures to press the Pretoria Government into abandoning its policy of racial segregation, putting the Netherlands in the forefront among South Africa's critics.

The Hague has never, however, been able to bring itself to step out alone with the kind of economic sanctions that are advocated regularly – and now enacted by France.

Pretoria's recently declared emergency in which at least 20 people have died and hundreds have been arrested throws into sharp relief the shadowy guilt that plagues the Dutch, with their historical links to the ruling Afrikaners.

It is little wonder that Mr Willem van Eekelen, the Dutch State Secretary for Foreign Affairs, has spearheaded a drive in the EEC to make compulsory a code of conduct for foreign companies operating in South Africa.

Only a few weeks ago, his own Government's proposal to impose penalties on Dutch companies failing to abide by the 10-year-old EEC code was rejected by parliament amid debate that echoed earlier episodes.

Diplomatic relations between The Hague and Pretoria are already severely strained by a recent row in which the Netherlands threatened to recall its ambassador unless Mr Klaas De Jonge, a Dutch Sociologist seized by South African authorities in the Dutch Embassy, was released. A day before the July 20 emergency declaration, Mr De Jonge was handed back, although the South Africans have issued an arrest warrant for him. He is accused of running guns for the outlawed African National Congress

The situation remains tense as Mr De Jonge will retain immunity only as long as he is encamped on embassy grounds. When the embassy staff moves on August 20 to new premises on the outskirts of Pretoria, another clash might ensue.

The De Jonge affair is a painful reminder of tentative Dutch policy that has been long on official pronouncements and short on assertive action. The Dutch Foreign Affairs Ministry has pressed Pretoria with meticulous insistence on diplomatic protocol and international law, stopping short of an ambassadorial recall for consultation.

Pretoria's emergency declaration after a year and a half of unrest, in which more than 500 people died, has prompted only an expression of The Hague's "serious concern" in addition to Mr Van Eekelen's initiative.

Ironically, France took the lead in recalling its ambassador and halting new investment in South Africa, steps the Netherlands has threatened often but never carried out.

Mr De Jonge was seized in the Dutch embassy after escaping from South African police during a tour of locations where he allegedly committed crimes. The 47-year-old man, a teacher in Zimbabwe, claimed to be in Pretoria for a job interview.

The Dutch have avoided commenting on what Mr De Jonge was doing in the South African capital and focused exclusively on his legal rights. That protective policy and broad public support for Mr De Jonge in the Netherlands testify to the very real abhorrence of South Africa's white minority rule.

South Africa has been the target of a steady stream of condemnations, calls for investment curbs and attempted trade embargoes since the 1960 Sharpeville massacre, the last time South Africa declared a state of emergency.

The Hague severed its cultural treaty with Pretoria in 1981 and began requiring visas for visiting South Africans in 1982. The Dutch led an ill-fated drive in the EEC, Benelux group and Scandinavia in 1981 for a concerted oil embargo against South Africa.

The crux of the Dutch guilt, however, is that all unilateral initiatives of significance have foundered on commercial ties and a deeper moral malaise. The justification for inaction has been that a move by the Netherlands alone would hurt Dutch companies more than the South African economy and would not directly assuage the plight of blacks.

Vatican bank subsidiary 'lent to S. Africa'

BY WILLIAM DULLFORCE IN GENEVA

THE VATICAN Bank, the Istituto per le Opere di Religione (IOR) has participated through a subsidiary in lending to South Africa, according to a study financed by the World Council of Churches (WCC).

The Pope has strongly denounced the Apartheid policy conducted by the South African Government, most recently in a speech to the International Court of Justice in The Hague.

The Vatican Bank has majority control of the Banco di Roma per la Svizzera, based in Lucano, Switzerland, which participated in five syndicated loans totalling DM 450m (£115m) for South African borrowers between 1982 and 1984, the study shows.

The loans were managed mainly by West German banks. Three totalling DM 300m were for South African Transport Services, one of DM 100m was for the South African Post, Telegraph and Telecommunications Department (PTT), and one of DM 50m was for the city of Johannesburg.

Ms Eva Militz, who conducted the study for the WCC, says the Banco di Roma per la Svizzera has taken part in three further loans this year, one of DM 150m for South African Transport Services, and two, each of DM 100m, for the South African PTT.

The WCC, of which the Vatican is not a member, has been conducting a campaign to persuade banks and businesses to halt financial support for South Africa.

Alan Friedman adds from Milan: A Vatican spokesman, referring to an official statement from the Banco di Roma per la Svizzera, said the Swiss-based bank had only "modest" participations in a few Euromarket bank loans to "clients" in South Africa.

The Vatican spokesman insisted that the Banco di Roma per la Svizzera, which is 51 per cent owned by the Vaticon bank, had not made any direct loans to either the South African Government or state agencies.

The Vatican yesterday was laying great stress on the fact that the loans went to private "clients" in South Africa.

Turkey reduces interest rates

By David Barchard in Ankara

TURKEY'S central bank has lowered interest rates to depositors for the second time in just over a month, indicating that it is confident that Turkey's inflation rate may come down in the next few months.

Three-month deposits will now earn interest at 45 per cent instead of 48 per cent, six-month money will earn 50 per cent (52 per cent) and one-year money will earn 55 per cent (56 per cent).

Hungary's currency commands high price in Eastern Europe

BY LESLIE COLITT IN BERLIN

HUNGARY HAS complained that the rate of exchange of the Hungarian forint to other East European currencies is wholly arbitrary and leads to a thriving black market currency exchange among East European tourists, as well as smuggling. The tourist exchange rate in Eastern Europe differs from the commercial rate and has become increasingly important with the growth of travel among its inhabitants.

The weekly political newspaper Magyarorszag noted that the Czechoslovak koruna was twice revalued against the forint in recent months from Ft 1.6 to Ft 2.22 per koruna. East Germany's mark was also revalued from Ft 5.85 to Ft 6.1. The Polish zloty though has been devalued to the forint several times in recent years.

The newspaper revealed that tourist exchange rates in Eastern Europe are based on the cost of living of a "four person diplomatic family" with adjustments made whenever the cost rose by more than 5 per cent in one country. The market basket of a diplomat, however, is radicliv different from that of an ordinary tourist, the newspaper remarked. The diplomatic index was begun in the early 1960s when there was little tourism in Eastern Europe.

Magyarorszag complained that exchange rates between East European currencies — both tourist and commercial—were radically different from that of market influences." Further complicating the matter, it noted, was that tourism within Eastern Europe was not based on "getting to know the world" but on the desire to buy goods which were more expensive at home. In addition, it noted with a candour rare for Eastern Europe, the "chronic shortage of goods" in some Comecon countries in recent years has further worsened the situation.

In contrast to other Comecon countries, prices in Hungary have been allowed to rise by more than 40 per cent between 1980 and 1984 which has made it the most expensive, but also one of the most desirable, tourist destinations for other East Europeans because of the abundant supply of goods and Hungary's life style.

The Hungarian newspaper noted that even in Eastern Europe exchange rates are also determined by supply and demand. Twice as many Czechoslovaks and East Germans visit Hungary as vice versa so that the demand for the limited forints sold is far greater among them than it is in Hungary for the koruna or mark.

Magyorarszag said that this leads Czechoslovaks and East Germans to sell their currencies privately at a much lower black market rate of one koruna for one forint, or one mark for four forints. While this is a widespread practice in Eastern Europe it is seldom admitted in the official Press.

The Hungarian newspaper said such black market rates mainly arise because the amount of money available in Hungary to the East Germans and Czechoslovak visitors is not enough to "buy the articles which are scarce at home."

Polish pay constraint poses difficult dilemma for company managers

BY CHRISTOPHER BOBINSKI IN WARSAW

ATTEMPTS by Polish company managers to streamline complex wage systems while steering a middle course between the Government's pay constraint policy and the need to compete with rivals for scarce labour are fraught with problems, the latest storm at Warsaw's Huta Warszawa steelworks shows.

So far this year, the growth in real wages of 5 per cent has been outrunning productivity and planned targets. Also, the planners are stressing the need to give capital investment priority for the rest of the decade and the Government's need to restrain wages promises to be a potentially explosive issue until the end of the decade and possibly beyond.

At the same time, both the officially recognised unions and the underground Solidarity movement are stressing that wages must at least keep in line with rising prices. The prices issue has shot to the top of the population's list of grievances, over even the shortages in the shops.

Recent developments at a plant like Huta Warszawa, which employs 8,000 and produces high quality steel, highlight the issues at stake. A few days ago the underground Solidarity committee in the plant issued a open letter to the management demanding a 5,000 zloty ($31.6) monthly wage increase as of August 1 for workers.

Protest strikes at the plant are threatened to begin in September if the demand is not met. The letter also demanded improvements in efficiency, the ensurement of regular supplies of raw materials and the replacement of old machinery.

The move demonstrates growing impatience with the Solidarity national underground leadership's policy of token general strikes and the shift back to grass roots issues with the initiative in the hands of local activists. This follows the scant national response to a national underground strike call against price increases on July 1, although some workers at the Warsaw steelworks did protest.

Significantly the steelworks' Solidarity organisation leaflet eschewed mention of broad political slogans which Solidarity has used in the past. The leaflet ended by saying: "Join us in the struggle for a better future for your families."

The Solidarity threat comes at a time when the management is facing a sharp fall in the labour force and has persuaded the Government to allow overdue payments of a tax on wages worth 1bn zlotys. As of last month, for example, 500 of the plant's 8,000 workforce had given notice and were waiting the statutory six months to leave.

The Government's tax concession has enabled the management to put up the average monthly income at the works as of yesterday by 3,600 zlotys or 16 per cent over the 22,000 zlotys that the plant's workers were earning on average in July.

What is more, management had been hoping as of this month to include an annual bonus paid each January which would correspond to one month's wage, depending on the number of years employed and good labour discipline, into the basic wage. The move is in line with government policy of eliminating traditional bonus payments and boosting basic wages.

The inclusion of the bonus payment would have favoured the newly employed and helped to attract labour. The democratically elected and legally recognised Workers' Co-Management Council, which in a fierce campaign in recent weeks, has been accused by the plant's Communist Party organisation of being infiltrated by Solidarity, split on the issue and called a referendum. Ironically the Solidarity leaflet had accused the council of being "ineffective" in improving conditions.

Held in mid July, the free vote by the workers rejected the management proposal on including the bonus in their basic wage by 60 per cent to 40 per cent. The vote also demonstrated the gulf between the production department and the management and the plant administration.

The main motive for the workers, apart from the economic rights and wrongs, has been simply mistrust of management motives. "If they want the change so much, there must be something wrong," was a common shopfloor reaction to the massed propaganda campaign in the works urging the workers to vote for the management proposal.

As many as 80 per cent of the workers employed in the rolling mill department, which had reportedly stopped work on July 1 in response to the Solidarity call, voted against the proposals. Votes against in other production departments were also up in 80's and 70's. In contrast the management proposal won the approval of the administrative staff.

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Muwanga sworn in as Uganda's Prime Minister

BY MARY ANNE FITZGERALD IN NAIROBI

MR PAULO MUWANGA was yesterday sworn in as Uganda's new Prime Minister and pledged to "stop bloodshed" in the country. At the brief ceremony in Kampala he made no reference to reports of violence in several parts of the country.

Mr Muwanga, 60, held the posts of vice-President and Defence Minister in Dr Milton Obote's former cabinet and was at one time a trusted confidant of the deposed Ugandan leader. He is the first civilian appointment made by the nine-man military council headed by Gen Tito Okello.

Mr Muwanga has been charged with the responsibility of forming a civilian cabinet that will answer to the military regime in charge since last Saturday's coup.

Mr Muwanga's political career dates back to pre-independence activity in Dr Obote's Uganda People's Congress Party. He is first a political survivor with a chequered reputation who has managed to have a role in all of Uganda's various governments except the dictatorial rule of General Idi Amin in the 1970s.

Critics claim that he sanctioned much of the brutality that has overshadowed the last four and a half years when Dr Obote was in power. They also say that partial responsibility for the recent large scale loss of life in Uganda can be laid at his door.

His advocates, on the other hand, consider that his inside knowledge of government machinery and his skill at manoeuvring deftly will be an asset to the politically untutored military council.

Mr Muwanga served as Internal Affairs Minister under Mr Godfrey Binaisa shortly after General Idi Amin was ousted in 1979.

Following Mr Binaisa's downfall, which he is said to have engineered, he chaired the military commission that paved the way for the 1980 elections that returned Dr Obote to power.

Although a veteran party man, Mr Muwanga has little grass-roots support, even in his own Baganda tribe. His rapid return to favour after the coup can be traced to a rift that developed between Mr Muwanga and Dr Obote last October. Mr Muwanga wanted to negotiate with the dissident guerrillas of the national resistance army, but Dr Obote did not. Mr Muwanga was supported by Gen Okello, the coup leader, and former Prime Minister Otema Alimadi, now believed to be in Dar es Salaam.

The appointment by Dr Obote of fellow Lango, Brig Smith Oponacak as army chief of staff and the subsequent promotion of Langi officers in the army drove a wedge between the Langi and Acholi military factions.

It was these differences that prompted Gen Okello to overthrow Dr Obote, almost certainly with the complicity of Mr Muwanga. An NRA official contacted in Nairobi said yesterday the movement did not endorse Mr Muwanga's appointment.

Gemayel praises Syria's efforts to end Lebanon war

BY OUR MIDDLE EAST STAFF

PRESIDENT AMIN GEMAYEL yesterday praised Syria's efforts to end Lebanon's 10-year-old civil war in what appeared to be a rhetorical effort to ward off efforts to remove him from power.

Speaking in a broadcast on Lebanon's Army Day, he declared that the only solution was through dialogue and serious reforms. "The interests of individuals must be sacrificed for the interests of the nation," he said.

Consultations on Wednesday between Mr Suleiman Franjeh, former Lebanese President, and Mr Elie Hobeikah, radical commander of the Lebanese Forces militia indicated that Syria, acknowledged as the final arbiter of its neighbour's future and now clearly bent on a settlement as soon as possible, was out-flanking the present head of state.

The fact that Mr Franjieh, himself a Christian, met the two most powerful Moslem leaders, the Shi'ite Mr Nabih Berri and the Druze Mr Walid Jumblatt, for talks in Damascus on Tuesday has led to speculation about the possible removal of President Gemayel from power at the behest of President Hafez al Assad of Syria.

Mr Gemayel spoke of Palestinians being the main cause of the "earthquake" which had struck at Lebanon's "foundations for a long time." This passage in his speech seemed to be an attempt to reach a reconciliation with the mainstream Shi'ite Amal movement, which is bent on suppressing the Palestinian armed guerilla presence in the country. Syria also sees the latter as a threat to its strategic design for the region.

"Lebanon is not facing all challenges alone. Lebanon is aided, and much obliged to, the support of Syria, led by our dear brother, President Hafez Assad," President Gemayel said.

The Lebanese President said President Assad was personally "supervising developments and efficiently helping bolster Lebanon's sovereignty and independence and end the (Israeli) occupation of its territory."

The Presdent's address came one day after a suicide bomber crashed a bomb-laden car into an Israeli armed patrol in South Lebanon, killing at least three Israeli soldiers and five Lebanese civilians.

Israel's foreign currency reserves rise by $3m

BY DAVID LENNON IN TEL AVIV

ISRAEL'S foreign currency reserves which have fallen steadily since last November, rose by $3m (£2.12m) last month without the assistance of the emergency economic aid which Israel is hoping to receive soon from the U.S.

Mr Yitzak Modai, the Finance Minister, said this was the first time in years that the reserves had risen without a large unilateral transfer or as the result of some other specific factor.

While stressing that it was too early to be obsolutely certain, the minister said it is possible that this development could be the first fruits of the new economic austerity programme introduced by the Government a month ago.

It was the rapid and continuous decline in foreign currency reserves, to below $2bn, which led the Government to produce its plan designed to curb inflation and halt the decline.

Saudis boost floating oil stock

By Richard Johns

SAUDI ARABIA last month chartered four super-tankers with a combined capacity of 1.18m deadweight tons—the equivalent of about 8.5m barrels of oil—for voyages from Ras Tanura with an option to use them for six months storage.

Two of them, Berge Enterprise and BT Investor, both of 345,000 dwt capacity were for U.S. Gulf destinations, almost certaintly the Carribean. ID Sinclair and Port Hawkesbury, each of 245,000 dwt capacity, were chartered for voyages to West Europe.

The charters were made by Vela, a little known affiliate of the Arabian American Oil Company based in Dahran and with offices also in Bahrain and Houston.

It was set up to stream-line the operations of Aramco's marketing arm, the London-based Norbec, which continues to be responsible for the administration and disposal of oil in the stockpile.

In addition three vessels totalling a further 965,000 dwt were secured for loadings at the same terminal by John S. Latsis, the Greek shipping and oil group.

Oil industry circles believe the oil liftings are payment to Petrola, part of the same group, for work done and financed by it on the Rabigh refinery on the Red Sea coast in a 50:50 joint venture with the Saudi state oil corporation.

The immediate reason for the increase in Saudi-owned oil placed in floating storage is the need to maintain flagging output to provide a sufficient amount of associated gas for the Kingdom's requirements. But it also gives Saudi Arabia more marketing options and will put it in a better position to respond quickly to any recovery in demand this autumn.

The volume, which is expected to rise further in August with new charterings, will be in addition to an estimated 35m barrels in floating storage and another 15m in land storage at Rotterdam and the Caribbean.

Altogether supertankers with a combined capacity of 4.36m barrels were chartered last month for Gulf loadings. Three of them, the 345,000 dwt Berge Pioneer, the 310,000 dwt Flagship L, and the 260,000 dwt Friendship L, were destined for Iran's Sirri Island transhipment terminal on behalf of, respectively, Shell, British Petroleum and Scanports (Phibro).

The surge of the activity industry circles that a makret-inventories after many oil companies had held back from the market until Opec's mid-summer conference was over.

Largely as a result of the liftings to increase the floating Saudi stockpile and those on behalf of Petrola, Saudi production rose to a rate reported to be in the range of 2.5m-2.6m b/d in July compared with 2.3m b/d or less in the two previous months. Domestic consumption is about 800,000 b/d.

The stockpile could be sold quickly at a discount if Saudi Arabia finally despaired of the lack of pricing discipline shown by other Opec members.

As yet Saudi Arabia has shown no sign of being prepared to give an incentive to its main traditional customers to buy more, in particular its four partners in Aramco operation.

Yet there are suspicions in industry circles that a market-related discount might have been offered to the Latsis group. The volumes involved appear to be in excess of the needs of Petrola's 108,000 b/d refinery at Hallas, Greece.

Oil groups in Angola raise loans of $91m

By Maurice Samuelson

DEVELOPMENT OF a rich oilfield off the coast of Angola is to be boosted by $91m (£64.5m) worth of loans raised by Sonangol, the country's national oil company, and Cabinda Gulf Oil Company, a subsidiary of Chevron.

The money is intended to support the doubling of the Takual field output from 80,000 barrels per day to 160,000 b/d, making Angola the biggest oil producer in sub-Sahara Africa after Nigeria.

The Takual field, on which Sonangol and Cabinda Gulf have already spent about $290m, began producing in 1982. It is in the Cabinda Concession, an Angolan enclave surrounded by Zaire territory, where about 60 per cent of Angola's oil is produced.

The loans have been managed by the U.S.-owned Bankers Trust Company, which syndicated commercial bank term loans of $70m to Sonangol and $21m to Cabinda Gulf.

Dissidents resist Seoul crackdown

BY STEVEN B. BUTLER IN SEOUL

EXCEPT FOR a few posters explaining that Mr Kim Dae-jung, South Korea's leading dissident politician, is under house arrest and extra police guards in the neighbourhood, one would hardly guess that Mr Kim is legally barred from activities that might influence political parties.

All day long, chauffered black sedans come and go bearing members of Mr Kim's faction in the opposition New Korea Democratic Party (NKDP). His office, next to his home, is filled with gifts of ceramic pots, decorative stones and paintings and his staff is still in place.

The Government detention order prevented Mr Kim from attending the national convention yesterday of the NKDP, as he had planned. But in this case, the mountain came to Mohammed. Hundreds of delegates from the provinces came to visit Mr Kim at his home and a tape recording delivered the speech that police would not let him give in person.

The mountain comes to Mohammed . . . South Korea's banned dissident leader Kim Dae-jung meets opposition leaders in his home

Some of his aides chuckled at what they regarded as Government folly. The house arrest order would only draw Kim supporters together and win publicity for his cause, they said.

The Government's inability to trim Mr Kim's sails is another frustration that has led to an abrupt hardening of attitudes toward the Opposition over the past several weeks.

Yesterday, the outburst struck within the ruling Democratic Justice Party itself, as two prominent moderates in the party leadership Mr Lee Han-dong, the party secretary general and Mr Lee Jong-chan, the leader in the National Assembly, were purged.

Mr Lee's reappointment in February, after the National Assembly election, was hailed as a sign that the Government party would seek dialogue and compromise with the Opposition. The purge was apparently prompted by Mr Lee's criticism of tough new legislation giving the Government sweeping authority to intervene in university campus affairs.

The new legislation is a tacit admission by the Government that its harder line will provoke more anti-government outbursts, and that its policies of gradual liberalisation have failed.

"The Government is not confident enough to deal with the political situation by democratic means because they are not supported by our people," says Mr Kim Dae-jung.

An Opposition Assembly member puts it more bluntly: "This is a very weak regime. The weaker they become, the more possibility there is that they will resort to harsher means."

"The Government's attitude is forcing the students and labourers to be radical," says Mr Kim. "They have no way to appeal their problems peacefully and legally."

Mr Kim's view is now shared by many moderate intellectuals. In June, Mr Kim and his close colleague, Mr Kim Young-sam, issued a statement warning that unless the Government made democratic reforms, social instability would grow sharply over the coming year. Both men stressed that they did not support political violence.

The realisation that the Government now intends to crack the whip at its opponents disturbs many people.

"Even if they can prevent social unrest from getting out of hand, it is too costly," says an opposition member of the Assembly. "If there is a fair election, we will win and there will be no more trouble, demonstrations or disorder. The problem is this illigitimate Government."

The Opposition's impatience is fuelled by a belief that the majority of South Koreans support them. Assembly members from the NKDP (which recently merged with a smaller opposition party) received nearly 50 per cent of the vote in the last election, compared with 35 per cent for the ruling party. The Government still controls a majority in the Assembly due to a system of bonus seats.

Delegates at yesterday's NKDP convention re-elected Mr Lee Min-woo as party president. The convention also reaffirmed the party's principal goal: to revise the constitution and revamp the election system, particularly to allow for direct election of the President.

Most people, however, do not expect the Government will allow that to happen.

"They want to retain power under any circumstances," says one Assembly member. "Under no circumstances would they allow the first Opposition party to become the ruling party. But even if it is futile, we must continue to try."

China paper unveils smuggling scandal

CHINA'S People's Daily yesterday reported details of a multi-million dollar black market and smuggling scandal which has led to the sacking of top Communist officials and investigation of hundreds more, Reuter reports from Peking.

The People's Daily overseas edition said officials in the Hainan island in southern Guangdong province bought $570m (£401m) on the black market to import more than 89,000 cars and other items for illegal resale to other parts of China.

It said 88 of Hainan's 94 government departments and even schools and nurseries were involved in the smuggling, made possible by Peking's decision in 1983 to give the island the power to import goods at special rates to improve its economy. However, the goods were supposed to be for use only on the island.

The paper said officials used the illegally-purchased foreign exchange to buy 89,000 foreign cars, mostly sedans and vans, 2.86m television sets, 252,000 video recorders and 122,000 motorcycles in the 14 months up to March this year.

The paper said that profits from the racket were so great that state banks in Hainan were eager to lend money to the officials in exchange for cars and colour televisions.

So far three top Government officials have been sacked and there are 143 criminal cases under investigation.

● China's Aviation Industry Ministry has lost 4m yuan a series of frauds over the past six months, the China Daily reported.

It said the ministry had ordered an investigation to find the people responsible.

AMERICAN NEWS

Provisional pact on U.S. budget reduction scheme

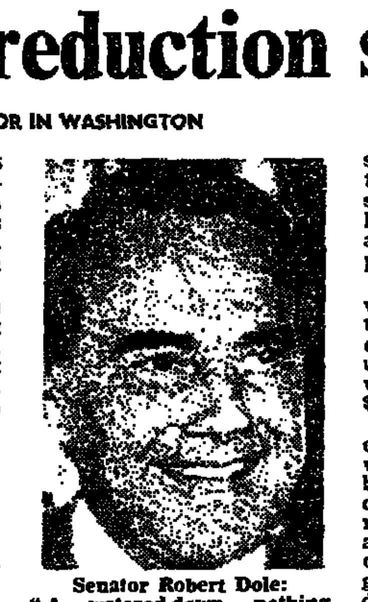
BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

CONGRESSIONAL negotiators were yesterday said to have provisionally agreed on a plan to cut $55.5bn from next year's U.S. budget, reducing the fiscal 1986 deficit to $171.9bn from a projected $227.4bn.

The House-Senate conference negotiators were working against the clock to resolve final details of the package so that it could be approved by both houses before Congress begins its month-long summer recess later today.

Mr Robert Dole, the Senate Republican majority leader, joined House Democratic leaders in pledging to try to secure passage before the recess. But a number of procedural problems remained to be overcome and many Senate Republicans were unenthusiastic over what Mr Dole himself has termed a "watered-down, nothing budget."

Agreement on a plan to reduce the budget deficits, currently running at more than $200bn a year, would cap more than six months of work in Congress. These have been characterised by frequent disputes both between Democrats and Republicans and between Republicans and the White House.



Senator Robert Dole: "A watered-down, nothing budget"

Most of the participants yesterday appeared to accept, however, that their efforts have marked little more than a first step towards bringing the deficits under control. Many Senate Republicans have no longer had their hearts in the endeavour since President Reagan earlier this week rejected their more sweeping proposals which would have included an oil import tax and deferred social security payments.

While the Republican plan would have cut $338bn over three years, bringing the 1988 deficit down to $89bn, the plan under consideration yesterday would leave the 1988 deficit at $112bn.

For fiscal 1986, which begins on October 1, cuts of $27.5bn would be found in the defence budget, and a further $22.5bn on non-military spending. The remaining savings would be achived by imposing "user fees" on those benefiting from government services and reduced interest payments as a result of the lower deficit.

By yesterday, many Senate Republicans appeared to be ready to vote passage, on the grounds that any budget was better than none at all. The House, however, ran into a procedural obstacle when a lone Democrat, Mr Neil Smith of Iowa, threatened to hold up passage because defence spending was still too high.

Brazil plans further public sector cuts

By Ann Charters in Sao Paulo

BRAZIL'S Financial and Planning Ministries are considering deeper cuts in the public sector in response to signals from the International Monetary Fund that such action would be desirable before negotiations on Brazil's proposed austerity programme continue.

Sr Antonio Frota Neto, presidential press secretary for economic issues, said on Wednesday that the IMF found Brazil's economic policies moving in the right direction. However, the Fund would "like to see an additional effort made to reduce the public sector deficit."

At issue is the size of the operating deficit, how it is defined and what combination of increased revenues or budget cuts are viable to reduce it. This year's deficit, according to the operational concept used by the IMF, was calculated at Cru 50,700bn (roughly U.S.$8bn), equivalent to 4 per cent of the country's gross domestic product.

The 1984 deficit represented 1.7 per cent of GDP. This year's seriously hampers the government's fight against inflation hich is now running at a 217.3 per cent annual rate.

The IMF reportedly wants cuts of Cru 16,800bn to Cru 20,000bn in the deficit, over and above those presented by a Brazilian technical mission in late July at a meeting with Fund officials in Washington.

The Gazeta Mercantil, a leading economic daily, reported this week that the officials were told during their visit that the Fund had increased its projection of the 1985 public sector deficit to Cru 67,500bn.

The Government is studying further cuts in the budgets of state-owned companies, increasing taxes on certain money market investments and reworking planned rate increases for public utilities as some options for further reducing the deficit. A new proposal is expected to emerge in several days.

In recent days, Government rhetoric in the Press has criticised strongly the IMF requirements for Brazil's austerity programme.

Mary Helen Spooner in Santiago on the effect of austerity measures

Chile's belts tighten another notch

ELDERLY Chileans living on state pensions no longer receive periodic increases to compensate for inflation. The Chilean Health Ministry recently attempted to suspend the distribution of free milk to poor children between two and five years of age.

Government work projects for the unemployed, which cover 8-12 per cent of the Chilean labour force, are being cut back and the modest monthly pay for people enrolled in the programme is being reduced to Pesos 3,000 from Pesos 5,000 (about £12.85 from £21).

These and other fiscal austerity measures are part of the general belt-tightening being carried out by General Augusto Pinochet's regime, which recently reached an agreement with foreign creditors to reschedule $4.5bn in debt due this year and next.

Chile is to receive $1.95bn in new foreign financing over the next two years, including a $400m World Bank structural adjustment loan. According to central banks officials, Chile will use more than half of the new money, $1.76bn, this year.

Nevertheless, the new financing is considerably less than the $1.5bn Chilean authorities had originally hoped to obtain for this year alone. As a result the Pinochet regime is sqeezing an already constricted economy.

Only hours after the foreign debt renegotiation was made public, the Chilean Economy Ministry announced a series of economic measures which included: an 8.4 per cent devaluation; a reduction in import duties to 20 per cent from 30 per cent; tax incentives for exporters and a gradual end to the "preferential dollar"; and a central bank subsidy allowing debtors to repay dollar-denominated loans at a lower exchange rate than the official bank rate.

However, some of the regime's austerity measures are already running into fierce public opposition.

When the Health Ministry, calculating a possible fiscal saving of $8m per year, halted the free milk programme for low income children, outraged parents demonstrated at several state medical clinics. General Pinochet ordered the measure revoked, when the country's most respected paediatrician condemned the cutback.

The phasing out of the central bank's preferential dollar, a subsidy the International Monetary Fund had long encouraged Chilean authorities to eliminate, is also likely to encounter a vehement reaction.

Chilean debtors, particularly in the country's southern agricultural provinces, have formed grass roots organisations and managed to thwart attempts to auction or repossess assets.

Last month a judge in the city of Temuco tried to hold a public auction to sell 200 houses whose owners had fallen behind in payment. Supporters of the evicted homeowners filled the auction room and crowded out any would-be buyers. When the auctioneer finally gave up, the group ended their protest by singing the Chilean national anthem.

Some of the latest economic indicators suggest there will be no recovery in the near future. The Chilean industrial society, Sofofa, reports that industrial production fell by 6.6 per cent in June, with sales falling by 5.6 per cent.

Squeeze is on: Gen Pinochet

Consumer price inflation jumped by 3.7 per cent in June, bringing the total inflation rate over the past 12 months to 35 per cent—a relatively modest figure for many Latin American countries but an unusually high one for Chile.

Earlier this year, El Mercurio, the country's largest newspaper, published a survey indicating that two-thirds of those Chileans who have jobs earn less than Pesos 20,000 a month (about £84).

The survey was crticised as overly generous by many economists, who noted that the wage-earners polled were all subscribers to the country's private pension fund companies, who tend to be more affluent than most.

Wages in general fell by 5.5 per cent during the first four months of the year, according to the National Statistical Institute, while the cost of feeding a family of five rose to roughly £64 a month.

If some of the Pinochet regime's austerity measures have met with angry opposition, the increased economic hardship has not boiled over into any generalised protest against the Government.

Chilean opposition groups, which are trying to put together a broad-based coalition ranging from Communists to conservatives, have not been able to put aside their differences long enough to mount any countrywide anti-Government demonstrations of the sort which rocked Chile in 1983 and 1984.

The lifting of the state of siege, and its replacement with the less stringent state of emergency, may have allowed political groups more room to operate; but it does not appear to have helped them overcome their internal differences.

Opposition leaders privately admit that last year's protest efforts failed in their objective of pressuring the regime for a quicker return to democracy.

But the "days of protest" yielded no material benefits for poorer Chileans. Anti-Government sentiment runs highest among the country's unemployed and low-income groups, but the poor seem to have little choice for the present other than to tighten their belts another notch and to quietly endure.

Six accused of Iran weapons smuggling plot

A U.S. ARMY officer, four other men and one woman were arrested in three states by the FBI yesterday on charges of plotting to smuggle weapons to Iran, **AP reports from Washington.**

Mr William H. Webster, FBI director and Mr William Von Raab, Customs Commissioner, said the alleged conspirators intended to buy a variety of U.S. missiles including the Sidewinder, TOW anti-tank, Harpoon, Sparrow AIM-7F, Sparrow AIM-7M, and Phoenix missiles.

They also were seeking the French Exocet missile as well as 10 F-4 jet engines, and other military equipment.

They are charged with intending to buy 1,140 TOW anti-tank missiles at a total cost of $9.12m (£6.47m) and planning to provide an aircraft to fly the weapons and parts to Iran.

The six were arrested in Florida, California and Virginia, apparently before any weapons were actualy sent to Iran.

Peru devalues currency by 12% against the $

PERU yesterday devalued its currency by 12 per cent against the dollar as part of a package of economic measures by President Alan Garcia's Government and imposed a temporary freeze on foreign exchange operations, the Central Bank said, **Reuter reports from Lima.**

Earlier, Presdent Garcia unveiled a package of wage increases and price freezes as banks reopened for the first time since his inauguration on Sunday.

In a communique issued from the Presidential palace, Sr Garcia announced a 50 per cent increase in the basic minimum wage, a 15 per cent raise for state workers and 22 per cent for school teachers.

Both state workers and teachers staged strikes in the weeks before President Garcia, a 36-year-old Social Democrat, took over from President Fernando Belaunde.

The communique also announced a rent, services and property price freeze, a cut in interest rates from 280 to 110 per cent and a $1.25 (£0.88) per gallon rise in the price of petrol. Inflation has run at 160 per cent over the last 12 months.

The Agricultural Ministry announced a price freeze for basic foodstuffs

Another communique ordered Peru's banks to reopen. They were closed on Tuesday to prevent capital flight after Sr Garcia hinted at coming austerity measures in his inaugural address on Sunday.

Further economic measures were expected to be revealed later last night by Prime Minister Luis Alva Castro, who is also Economy and Finance Minister.

In his inaugural speech, Sr Garcia said Peru was in a desperate economic plight and said he would restrict payments on the $14bn foreign debt to 10 per cent of foreign earnings.

He said he would implement an austerity programme.

Mexican bureaucrats feel keen edge of austerity

BY DAVID GARDNER IN MEXICO CITY

IT MIGHT be considered eccentric to abolish your Sports Ministry in the year you are hosting the World Cup, not to mention do away with the Tourism Ministry's under-secretary for planning, and the sanitary regulation under-secretary at the Health Ministry. (Bad news for Taco eaters," as one wit had it.)

Nevertheless, Mexico's hard-pressed economic managers thought this a small price to pay to convince an ever more sceptical public that the bureaucracy (total employees 4m, accounting for two-fifths of the national wage bill) was now suffering from three years economic austerity which had previously left it almost unscathed.

President Miguel de la Madrid set the tone by awarding himself a 10 per cent pay cut and freezing the salaries of his colleagues in last week's austerity package, which closes the offices of 15 under-secretaries and 50 director generals. Some 51,000 jobs are affected.

Planners, who failed to foresee the country's latest cash flow difficulties fared particularly badly. The Trade and Industry Ministry and the Planning and Budget Ministry both lost planning under-secretaries; in the latter case, the planner, Sr Rogelio Montemayor, was replaced by one of the country's leading statisticians, Sr Pedro Aspe.

In the Interior Ministry, the key political portfolio with responsibility for, among other things, organising elections, the General Co-ordination of Studies and Projects have been surpressed, while the Political Investigations office have been fused with Mexico's equivalent to the U.S. Federal Bureau of Investigation.

The Controller General's office watchdog for corruption, set up after the multi-billion dollar binge of the previous administration, has lost a quarter of its strength and partial role as invigilator of money markets. The Treasury has lost its tax inspectors' under-secretaryship, a strange decision in view of the tax evasion controls in the austerity package.

The most distinguished casualty is Sr Jorge Eduardo Navarrette, Deputy Foreign Minister in charge of economic affairs, whose office is abolished. Sr Navarrette was associated with the strategy of linking Mexican oil prices with those of Opec, a strategy now in ruins. He was also one of the prime movers in setting up the Consensus of Cartagena, the Latin American debtors' lobby group. This cut was described as short sighted. "The sub-secretaryship was a useful filter through which Mexico saw the outside world and the outside world saw us," an observer said.

WORLD TRADE NEWS

Feasibility study urges public sale of shares in Turkish Airlines

BY DAVID BARCHARD IN ANKARA

LAZARD FRERES, the UK merchant bank, has submitted a feasibility report to the Turkish Government on the privatisation of Turkish Airlines (THY), the National Airline, urging the sale of a majority share to the Turkish public with a minority interest to a foreign airline.

The Turkish Government announced a year ago that it proposed to private Turkish Airways by selling shares in it to its employees initially and later to the general public.

The task of privatising the airline has proved more difficult than anticipated, and this spring Lazard Freres was invited to submit a feasibility report, sections of which have been published.

Lazard Freres point out that the airline's accounts do not meet the standard of independently verified financial accounting required for the international equity markets, and that a public issue on the international stock markets will not be possible for several years at least.

The merchant bank said that the Turkish Government could chose from five options for domestic sale of the securities: revenue sharing certificates on operating income; coupons offered for savings as part or all of dividends; a private placement to limited members of large investors of fixed minimum yield or buy-back guarantees; the splitting off of domestic and international routes into different companies, or selling the airline for its tax benefits.

Lazard Freres recommends forming a management group to buy the airline, 40 per cent of which would be owned by a foreign airline, and 60 per cent by the Turkish public.

In this scheme, the foreign airline would undertake management and support training.

A percentage of equity could be reserved for employee subscription.

"We believe that several airlines might find a properly structured concept attractive," the report said. "If a deal could be structured to be acceptable to one of these airlines, we believe an equity issue could be structured to be attractive to the Turkish public."

Turkish Airlines has made an operating profit for the last four years.

Denmark announces oil licensing round

BY HILARY BARNES IN COPENHAGEN

MR KNUD Engaard, Denmark's Energy Minister, has announced the opening of the second licensing round for oil and gas exploration in about 100,000 sq km onshore and offshore.

Oil companies have three months in which to bid for the 850 blocks on offer in the Baltic, the North Sea and onshore. Awards are expected to be made next spring, the Energy Ministry said.

The first licences were awarded at the end of 1983. No discoveries have been reported so far.

The current series of licensing rounds covers areas relinquished by the AP Möeller shipping and industrial group. Möeller was awarded an exclusive licence for the entire Danish area in 1962, but under government pressure has subsequently relinquished most of the area.

● An equal joint venture of Leighton Holdings and Toyo Kanetsu of Japan (TKK) has been awarded a $135m contract to build four liquefied natural gas storage tanks for the Australian Northwest Shelf LNG export project, **Reuter reports from Sydney.**

The contract was awarded by the Kellog-JGC-Raymond joint venture, principal contractor for the LNG plant at Withnell Bay in Western Australia.

Canadians in software rail deal with India

By Robert Gibbens in Montreal

CANADIAN National Railways (CN), under a C$25m (£13m) contract, will sell its Tracs computerised traffic control software to Indian Railways and hopes to supply consulting services for a companion microwave, fibre optics or satellite communications system.

CN has already done a feasibility study for introduction of Tracs in China and hopes to win another major software transfer contract there.

New Zealand, Australia, Brazil and Argentina have expressed interest in adapting Tracs to their national rail system.

CN has spent nearly C$100m on developing and improving Tracs since 1971. It is a computerised information system recording the location of equipment anywhere on CN's 25,000 miles of track including statistical analysis.

Canac Consultants, CN's consulting arm, beat competing systems from Britain, France, Germany and the U.S. for the Indian Railways contract.

Canada will provide an updated software package, technical assistance and staff training.

Indian Railways will manage the project and seek international tenders for about C$150m in hadware required.

Consortium near Soviet icebreaker pact

By Our Montreal Correspondent

A CONSORTIUM of British Columbia shipyards, including Versatile Corp., a large industrial holding company, is well advanced in negotiations to build several icebreakers for the new offshore oil and gas development areas of the northern Soviet Union.

Canadian Consortium has developed special expertise in building icebreakers for the extreme conditions of the Beaufort Sea, where Canadian offshore oil and gas exploration has been under way for 15 years and where U.S. offshore work is now starting.

Reuter adds: Marubeni Corp. has obtained a Y25bn (£73m) contract from Evergreen Marine Corp. of Taiwan for four container ships.

Chris Sherwell reports on the Government's success in raising Britain's profile

Southeast Asian tours give business a lift

WHEN Mrs Margaret Thatcher, the British Prime Minister, made her whirlwind tour of Southeast Asia in April, she got more publicity for her minor gaffes and her remarks on the miners' strike than for the diplomatic and commercial business she was pursuing. Part of the reason was that there were no specific deals she could help to sew up.

Now, however, both her visit and the more leisurely follow-up tour by Mr Paul Channon, the Trade Minister, are beginning to look a little different. Apart from belatedly raising Britain's profile in the region, the visits appear to have strengthened the push by British business in Southeast Asia.

The push is led by companies such as Leyland, NEI, Hawker Siddeley, GEC, British Aerospace and British Rail Engineering. Others such as BP and Unilever are already thoroughly established in the region, as are British banks like Standard Chartered and the London merchant banks, who chase any opportunity, British or otherwise.

Ironically, the most tangible signs of progress recently have been in Thailand, a country misguidedly not included in Mrs Thatcher's itinerary. A £385m bus contract being chased by a Leyland-led consortium promises to be one of Britain's biggest-ever manufacturing orders abroad, and Mr Channon stopped off in Bangkok first to confirm a £20m offer of UK aid in support of the bid.

Mr Channon also used his talks with senior economic Ministers to back both NEI's bid against Fuji Electric of Japan to supply turbine generators for the Mae Moh lignite plant expansion, and a sale by British Rail Engineering and Leyland of its unique Railbus commuter transport. UK aid is involved in both of these too.

Some idea of the additional business at stake emerged within days of Mr Channon's departure, when it was announced that Shorts had sold two aircraft to Thai Airways, the domestic carrier, and Westinghouse Brake and Signal, part of Hawker Siddeley, had clinched an order for signalling and communications work on an important new railway link.

The most sensitive stage of Mrs Thatcher's and Mr Channon's visits, however, was in Malaysia. This was mainly because of a row between British Airways and the Malaysian Airline System (MAS) over a Malaysian demand for an extra flight to London.

Although Mrs Thatcher unexpectedly conceded the extra flight at the very start of her visit, the two sides only rached an accord this month—after Mr Channon's trip. The news came as a relief to British businessmen and bankers, but the final details were settled only this week.

The issue has been important because of numerous transport-related contracts at stake in Malaysia, notably a Railbus order which now looks likely to be put out to international tender despite a UK aid offer. Other contracts include a locomotives order sought by Hawker Siddeley and a rail bogeys deal chased by British Rail. British Aerospace would like to sell its BAe 146 aircraft as a replacement for Malaysia's Fokker F-27s.

Mr Paul Channon

These same companies are also chasing business in Indonesia, whose size (pop: 160m) makes it an attractive market. Mrs Thatcher and Mr Channon were given a high-level welcome in Jakarta, and further evidence of the growing ties was shown in Britain recently with the visit of Dr Yusuf B. J. Habibie, Indonesia's Research and Technology Minister. Only last month, Britain also pledged an increase in aid to Indonesia.

BAe scored the most tangible UK export success earlier this year when it clinched a valuable Rapier missile deal from the Indonesian army which could ultimately be worth hundreds of millions of pounds. The company would also like to sell Hawk fighters and more BAe 146 aircraft—one is already part of the presidential flight.

On a smaller scale, Hawker Siddeley won a £48m diesel generator order in February, and there are hopes that an outright gift of some Railbus units will lead to commercial orders. As in the other countries of the region, sales success takes time.

If financial aid and politicians' visits help to win orders in Thailand, Malaysia or Indonesia, however, the same cannot be said so easily of Singapore. Any hint of influence-peddling outside the proper channels can upset a deal and official purchases are usually made on a cash basis unless the financing is too attractive to refuse.

The latter proved to be the case in 1983, when NEI won a S$185m (£60m) turbine generator order for a new thermal power plant being constructed on an offshore island. It was the largest export order won by a British company in Singapore, and the key to success was the financing.

Since then, a British-Hong Kong consortium led by Henry Boot International of the UK has won a larger order, worth S$267m, to lay the trackwork for Singapore's Mass Rapid Transit metro project. That completed the award of the major contracts, and bidder's attention has since turned to other infrastrucutral projects.

The biggest contract race in Singapore is between Leyland and Volvo of Sweden, to supply hundreds of double- and single-decker buses to the Government-controlled Singapore Bus Service. Leyland and Walter Alexander, also of Britain, both won orders from the company last time round.

Against all these contract battles must be set the more routine business done by British companies which are already established and heavily invested in Southeast Asia, in civil engineering, manufacturing, plantations and oil and mineral exploitation.

BP, for example, is not only active in oil exploration and production in Indonesia; it is searching for oil in Thailand, expanding refineries in Singapore, looking after laid-up tankers in East Malaysia and, most intriguingly, exploring for minerals such as gold, antimony and coal across the region. All this is quite apart from successful contract bids, for example, to provide management support for Indonesia's new refineries, a deal signed in May.

The interest in Southeast Asia should also be seen in longer perspective. British investment in Indonesia is now reckoned to be around $600m (£428.6m), UK investment in Singapore was put at $2bn at the end of 1981, and the figure for Malaysia is estimated to be even higher at around $2.3bn.

Even these somewhat unreliable figures may not capture the true scale of British investment and trading interest

The fact that it took so many years to attract a British Prime Minister was long a cause for wonder. Mrs Thatcher's arrival, however, closely followed by Mr Channon, is reckoned now to have provided the British companies with the sort of support their competitors more regularly receive.

Fight 'will intensify for car market share in Europe'

BY JOHN GRIFFITHS

THE FIGHT between car manufacturers for market share in Europe "is going to be even more bitter in the years ahead than in recent experience.

U.S. manufacturers, facing greatly heightened competition in their domestic market from Japanese producers, could well seek to compensate by further expansion in Europe, according to Automotive Research and Management Consultants (ARMC).

In its latest International Automotive Review*, ARMC says Europe's problems of 2.5m over-capacity, increasing Japanese import penetration and already fierce internal competition, could be compounded further by General Motors and Ford choosing to assemble in their European plants some of the cars they are already collaborating on with Japanese manufacturers.

This did not take account of the potential extra threat posed by the GM Saturn, Ford Alpha and Chrysler Liberty car projects, the main objectives of which are the devising of highly automated production systems which would allow Japanese cost-advantages of about $2,000 (£1,428) per car to be eliminated. These could also have an impact on Europe.

"The Europeans have little prospect of off-setting such American moves in Europe by expanding exports, particularly as world car sales are increasing by possibly less than 3 per cent annually," the review suggests.

The review, forecasting an overall increase in car demand of under 500,000 units for Europe's six major producing countries between last year and 1987, warns that it is unlikely to be of much benefit to hard-pressed volume producers. Much of it would be taken by specialist producers such as Mercedes, BMW, Volvo and Saab.

Even European volume producers whose financial fortunes had improved, notably Fiat and Volkswagen, had resolved their problems only "for the time being . . . but not to the extent of providing really adequate funds for their future research and product development programmes.

Not until the European producers followed the U.S. example in shedding capacity and reducing break-even levels was there any chance of them returning to significant profits.

The further increase in U.S. car sales which the review forecasts for this year — to 10.6m from 10.4m in 1984 — similarly may not help the U.S. industry, but will be taken up by more Japanese imports and cars from up-market West German producers.

Indicative of the pressures facing the U.S. industry, ARMC's estimate is that in 1988-1989 1.1m cars of Japanese origin will be assembled in the U.S. in addition to 3.14m built-up imports from Japan.

**International Automotive Review. Automotive Research and Management Consultants Ltd, Lynton House, 7-12, Tavistock Square, London WC1H 9QJ. £240 quarterly.*

Leyland and Bedford in talks

TALKS HAVE taken place between Leyland Trucks, the subsidiary of state-owned BL, and Bedford, the UK offshoot of General Motors, the world's largest automotive group.

News of the secret discussions leaked out yesterday after rumours about a possible £360m bid by GM for Leyland swept through the UK motor industry.

A spokesman at GM's world truck and bus group headquarters in Pontiac, Michigan, acknowledged there had been several "exploratory discussions" between Bedford and Leyland but he stressed: "We talk with many companies around the world."

The UK Department of Trade and Industry said: "We are not aware of any bid for Leyland – and we are confident we would know about it if there had been an approach."

GM has been active in the past year attempting to form links with other companies because it wants to build up its commercial vehicle operations outside North America and lift its worldwide share from 6 per cent to 10 per cent.

□ **TEXACO,** U.S. oil group, is to make 570 workers redundant in the UK with the rationalisation of its road distribution fleet and supply locations for fuels and lubricants.

□ **HOARE GOVETT,** stockbrokers, and Security Pacific, U.S. banking group, are establishing a joint company to provide back-up services for the financial community. Security Pacific owns 29.9 per cent of Hoare Govett and has an agreement to acquire a majority stake in the broker once Stock Exchange rules are relaxed. The new company intends to become a clearing member of the London Stock Exchange.

□ **BRITISH** Airports Authority, likely to be privatised next year, had a trading profit in 1984-85 of £72m, up nearly 40 per cent. Sir Norman Payne, chairman, gave a warning that strong growth might not be sustained if the world recovery slowed down.

□ **MR PETER BROWN,** a market maker with Akroyd & Smithers, is joining Grieveson Grant and not James Capel, as reported yesterday.

Jobless trend continues in rise to 3.2m

BY ROBIN PAULEY

THE NUMBER of people out of work in Britain increased by 56,000 in July – taking the unadjusted total of unemployed up to 3.235m.

This means the underlying trend remains upwards and the substantial fall in the jobless total in June was not the beginning of a sustained reversal for which ministers had been hoping.

The figures follow the publication on Tuesday of the Confederation of British Industry's survey of manufacturing industry which suggested the pace of the economic recovery was flagging with lower growth and more redundancies forecast for the coming months.

However, the pattern of unemployment so far this year, which is best considered on a six-month basis, does indicate that the rate of increase has finally started to moderate.

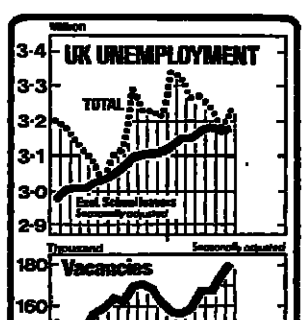
Employment Department figures released yesterday show that the seasonally adjusted figure, which excludes school-leavers, rose by 7,000 in July to 3.175m. This is 126,000 more than in July 1984 and represents 13.1 per cent of the workforce.

The unadjusted – or "headline" – total, which includes school-leavers, rose by 56,000 in July to 3.235m which is 135,000 higher than a year earlier. The figures do not include the 134,000 new school-leavers who registered for jobs at the end of the summer term in July. They do not qualify for benefit until September and therefore do not yet show up in the jobless figures.

In addition, 600,000 people are now in special employment and/or undergoing training. The Government estimates about 420,000 of these people would otherwise be claiming unemployment benefit, which would put them into the dole figures.

On the positive side, the number of vacancies notified to job centres rose by 4,900 in June to 179,700. This was the fifth successive monthly increase and took the number of vacancies to its highest level for more than five years.

The July figures were especially disappointing for the Government because the June figures were the best since 1979 and showed the first



fall in the jobless totals for more than a year. But the July figures, far from sustaining the fall, showed a rise of adult unemployment of 58,786 which was considerably higher than the usual seasonal change of 52,000.

Mr Tom King, Employment Secretary, said yesterday unemployment was still the most difficult and challenging task facing the Government. For the past 18 months, despite a much better economic performance, the trend of unemployment has remained firmly upwards by between 10,000 and 15,000 a month. The figures for the past three months suggest there may now be a significant change in that trend."

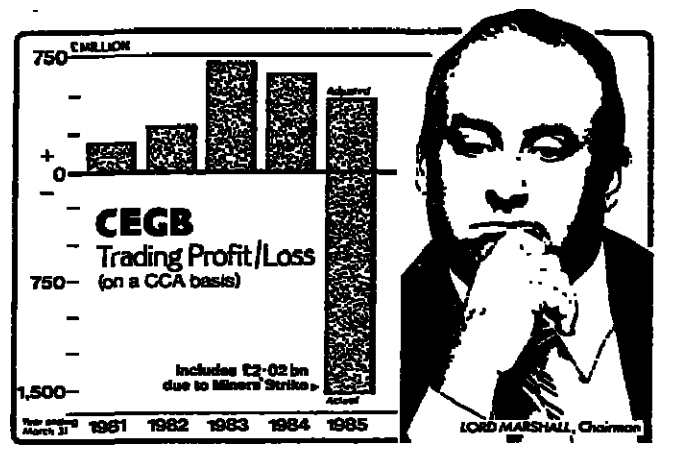
However, officials still prefer six-monthly movements as the best guide to the trend and on that basis there is a much less significant change. Mr King said that, when account was taken of "the encouraging vacancy figures, the expansion of the economy, the better outlook for interest and mortgage rates, and the more buoyant labour market, there are good grounds for hoping this better trend will continue."

But Mr John Prescott, Labour's employment spokesman, said yesterday the July figures showed there was no end in sight to the jobless crisis. "If the Prime Minister gave as much importance to reducing unemployment as she has recently given to increasing top people's salaries we could start to get our people back to work," he said.

Dominic Lawson assesses the electricity industry in the aftermath of the pit strike

A £2.2bn bill for keeping the lights on

The year-long strike by miners which ended in March cost the electricity supply industry more than £2bn, and transformed what would have been a profit after interest of £297m into a loss of £1.72bn. The main element in the loss was the additional costs at power stations of burning oil rather than coal.



THERE CANNOT have been many industry chiefs who after revealing losses of more than £1.7bn are still able to proclaim "another successful year for your company."

Mr Philip Jones, chairman of the Electricity Council, is unabashed. "You may think it is bizarre to say this, but we have had a very successful year. We kept the lights on. We increased sales and customers, and we increased profits on sales of electricity and appliances," he said.

Unfortunately for the phlegmatic Mr Jones, yesterday's figures from the Electricity Council and the Central Electricity Generating Board (CEGB) are far more likely to be seen as a monument to the effects of Mr Arthur Scargill, the miners' president who led the year-long pit strike, than as a tribute to the efficiency of the electricity supply industry.

The accounts of the CEGB round off in conclusive style a two-week long string of reports from nationalised industries, revealing the financial scars of the battle in Britain's coal fields.

British Steel Corporation reported a loss of £140m. Chairman Sir Robert Haslam said there would have been a £40m profit, but for the pits strike.

British Rail blamed about £180m of its losses of £408m on the miners' action.

The National Coal Board reported a pre-tax loss of £2.2bn and claimed that the strike has cost it £1.75bn.

The CEGB's accounts, approved without qualification by auditors Peat, Marwick, Mitchell, estimate that the strike cost it £2,020m. Overwhelmingly the largest item was the £1,769m cost of burning oil rather than coal. A further £144m was the additional cost of buying electricity from the South of Scotland Electricity Board instead of burning coal. Interest charges caused by borrowing to buy oil amounted to £41m in the financial year to March.

The £2,020m is not quite the end of the story, however. In the present financial year the industry faces another interest bill related to its oil purchases of about £200m. So, the overall costs to the electricity industry of the strike amount to more than £2.2bn.

What makes Mr Jones proudust of all is that these costs have not been passed on to the electricity customer in the form of a Scargill surcharge.

If the cost had been passed on to the electricity customer it would have meant a near 20 per cent rise in tariffs, compared with a 4.4 per cent increase in April 1985, and severely damaging the industry's fierce competition against the British Gas Corporation.

So the losses have been written off against the accumulated reserves of the industry, effectively delaying by a year – to 1989-1990 – the time when the industry will have repaid all its borrowings from the Government.

The supply industry is formally committed via its external finance limits (EFL) to repay £1,128m to the Government in the present financial year. But after the deprivations of the strike, the industry will be seeking adjustments to that figure. In particular, it will want the £200m of interest payments relating to the strike to be taken into account by the Government, with the costs of building up its reserves of coal to pre-strike levels.

The CEGB is maintaining its strategy of the strike of refusing to reveal either its current level of coal stocks, or what it considers a safe level. There remain two long human shadows over the electricity industry.

The first is that of Mr Scargill. There is a feeling, which appears to emanate from Whitehall, that the miners' strike may well have been a battle, in a war which has yet to be won. The second is that if Mr Scargill is the ghost of Christmas past, Sir Denis Rooke, the equally strong-willed chairman of the British Gas Corporation, is the ghost of Christmas to come.

The pending privatisation of British Gas will be the spur to a huge government-paid advertising campaign extolling the merits of gas. For the electricity industry, engaged in a fierce battle advertising with British Gas for the hearths and minds of UK energy consumers, the thought of the Government joining the fight on the side of its rival is very alarming.

Beyond that irritation is the prospect of what Sir Denis Rooke will do in the private sector, unfettered by government control. "How British gas is regulated is of the utmost importance" argues Mr Philip Jones. "I want to see them paying a fair market price for their gas, and the gas should not be sold at give away prices. We expect to be consulted when the Government draws up the body to regulate British Gas in the private sector."

His fears appear to be the exact opposite to those of Mr Peter Walker, the Energy Secretary. Mr Walker has said that the chief aim of the regulatory body would be to prevent British Gas abusing its position by exploiting its customers. Mr Jones, by contrast, is worried that Sir Denis, who has always sought to make gas as cheap as possible for the British consumer, will take the opportunity to sell cut-price gas, well below the long-run marginal cost of supply, the economic principle that governs the pricing of electricity.

Mr Jones has yet another worry. He is not allowed to sell anything but electrical appliances in his showrooms, but British Gas – in the private sector – will be free to put anything in its windows in order to entice customers. If the Government listens to Mr Jones' plea that British Gas should be limited to sales of gas equipment in its showrooms, then investors are likely to pay less for the British Gas shares.

Lord Marshall, the chairman of the CEGB, has said that it is logical for the electricity supply industry to be privatised, now that gas is heading for the private sector. Mr Jones, as befits an ex-Civil Service mandarin, is more cautious, merely saying: "It is a political decision, the result of which depends on who wins the next general election."

It is, however, questionable whether a wholly private-sector industry would have been quite as willing to absorb enormous losses to support a government fight against the miners' union.

If electricity supply is to be privatised, its remarkable co-ordinating efforts to help keep the lights on last year have surely made the most powerful case possible against splitting up the industry, instead of selling it to the public in one piece.

Norwest Holst plans return to London Stock Market

BY STEFAN WAGSTYL

NORWEST HOLST, the formerly quoted construction and property group that suffered in the 1970s through a controversial long-running boardroom battle for control, is returning to the stock market in September.

The company lost its listing in 1980 after it was taken over by two of its own directors – property entrepreneur Mr Raymond Slater and his partner Mr John Lilley.

Mr Slater has since bought out Mr Lilley and is now selling 100 per cent of the group, which is expected to have a market value of over £80m, against £13.5m five years ago.

Mr Slater, who resigned as chairman in March, is cutting all his links with the Cheshire-based group.

Those date back to 1972 when he and Mr Lilley first bought shares in Norwest Holst, starting what a Department of Trade report later described as "a sordid battle for control" with the founding Le Mare family.

With both camps holding substantial stakes, the fight dragged on for eight years until the Le Mares finally sold out.

The Director of Public Prosecutions later rejected a Department of Trade inspectors' recommendation that Mr Slater and Mr Lilley should be prosecuted under the Companies Act over episodes in the affair.

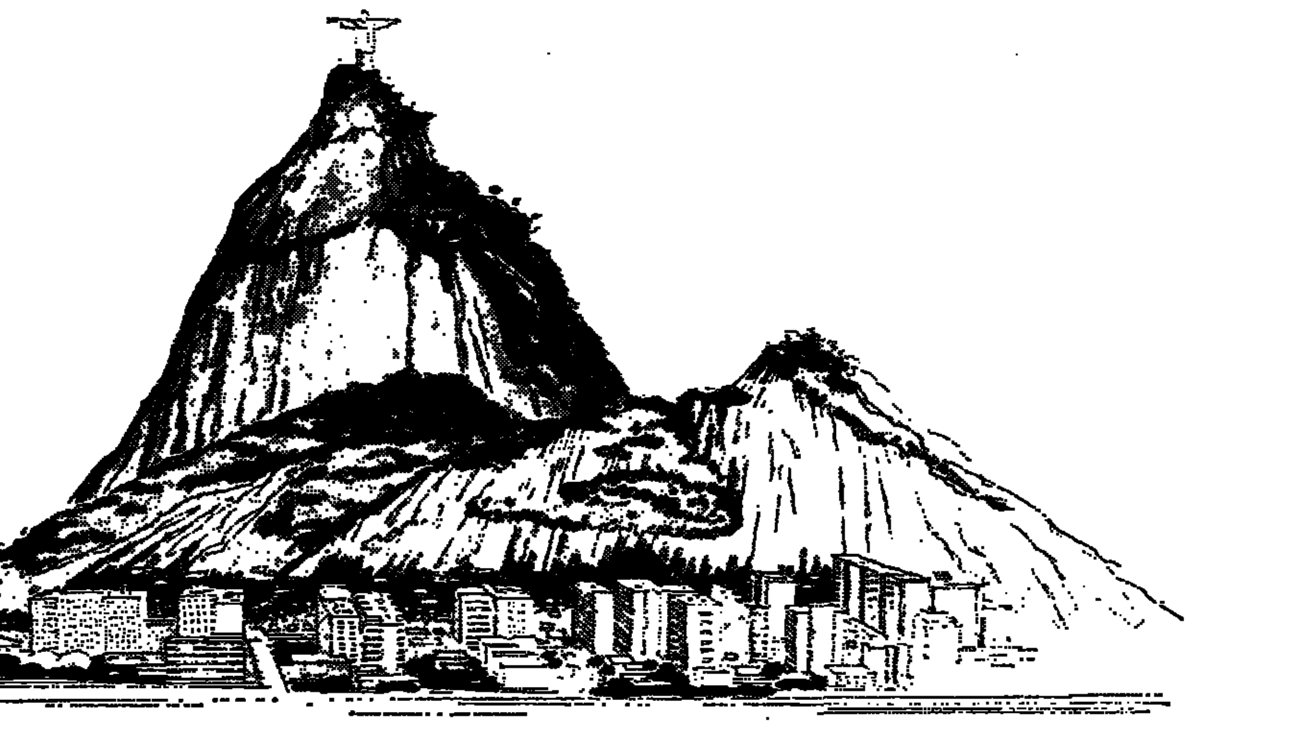
Mr Slater could not be contacted this week for comment, but on his behalf, Mr Philip Newbould, the new group chairman, denied the allegations made in the inspectors' report.

Moreover, the group insists that its business was not harmed by the controversy. "The company has not changed its name, because it has got a remarkably good reputation," Mr Newbould said.

Norwest Holst comes to the market with a strong recent profits record, recovering from a loss in 1980 when the results were depressed by exceptional charges on a troublesome acquisition. Profits have grown to £8.1m pre-tax for the year to March 1985 on turnover of £22m. The group expects to forecast at least £10m pre-tax for the present year.

Under Mr Slater's control, Norwest Holst has undergone considerable reorganisation. The group has maintained its traditional contracting activities in construction and civil engineering, but it has also developed much larger property interests than in the past – particularly in the retail field.

Lloyds Merchant Bank is sponsoring the issue and the broker is Hoare Govett. Mr Jack Pryde, a director of the bank, said: "Obviously the history is going to come into it. But we are severing the links with the past."



UK NEWS

Lawson letter tries to quell Tory doubts

BY PETER RIDDELL, POLITICAL EDITOR

AN OPTIMISTIC view of the outlook for growth, inflation and tax cuts has been presented by Mr Nigel Lawson, Chancellor of the Exchequer, in an end-of-term letter to all Conservative MPs to rally support.

The decision to send the three-page letter this week reflects concern about the doubts and worries of Tory backbenchers, which were brought to a head in last week's revolt over top peoples salaries awards (which are not mentioned in the letter).

Mr Lawson believes that central to reassuring backbenchers is that inflation will begin to decline again soon after its temporary blip and that personal taxes will be cut in the spring budget.

The economy, he says, has made "excellent progress" and "enormous strides" since the 1983 general election and is now in "good shape." He argues that overall restraint has been needed over the past few years to cut back government borrowing.

But, "in future, people should be able to see the fruits, at long last, in a lower burden of taxation – for those on whom that burden weighs heaviest the manual worker in general and the lower-paid in particular."

On inflation, Mr Lawson says the worst of the recent setback is "now behind us, and we can reasonably look forward to an inflation rate below 5 per cent again next year." The current rate is 7 per cent.

On unemployment, Mr Lawson is cautious, saying that "all in all, it is far too early to be confident that the unemployment tide has turned. But the prospects for the second half of this parliament are clearly better than they have been during the first half."

He argues that the unemployment total contains an unknown but almost certainly sizeable number of people who are not actually seeking work. Moreover, he says, everything the Government can do it is doing.

Mr Lawson argues that lower taxation is only part of the economic agenda for the second half of this parliament. "There is still more to be done to free the economy from some of the obstacles to growth – as well as the effects of our earlier measures in this direction still to come through."

On privatisation, Mr Lawson says the Government has already transferred to the private sector a fifth of the state sector of industry as it was in 1979. By the end of this parliament, he expects the proportion to have doubled to two fifths, with a programme that includes British Gas.

Mr Lawson defends the Government's record on public expenditure which, he says, has been "one of careful management, allowing increases where we believed it right to do so, and offsetting this by savings where savings could best and most sensibly be found."

He is also cautiously optimistic about growth prospects. And he adds: "Provided the spectre of worldwide protectionism can be held at bay, I see no sign of a further world recession on the horizon."

Mr Nigel Lawson: 'economy in good shape'

Satellite broadcast venture put on ice

By Raymond Snoddy

UNITED SATELLITES (Unisat), a company put together to provide Britain's direct broadcasting satellites (DBS), is to close its London offices and wind down to a holding operation.

The decision follows the collapse of the 21 Club, the consortium that included the BBC, the independent television companies and five non-broadcasting organisations, which was Unisat's main potential customer.

GEC Marconi, British Aerospace and British Telecom were brought together to form Unisat for the satellite venture.

Mr Daniel Gruneberg, Unisat's managing director, will return to GEC Marconi. A watching brief will be kept, probably by Mr Gruneberg, to see if any DBS commercial opportunities arise.

Unisat also has to decide whether to take legal action to try to recover the money spent on the project when the BBC alone was the potential customer. The bill for the aborted project is believed to be at least £50m and probably nearer £70m.

The BBC signed heads of agreement with Unisat for a three-satellite system in 1983, but the deal was never completed.

● The Government has indicated after weeks of delay that it might be prepared to try again with DBS. Lord Glenarthur, in a written House of Lords answer, said the Government had asked the Independent Broadcasting Authority to review the prospects of other commercial organisations being interested.

The Government will decide whether to bring the relevant provisions in the Cable and Broadcasting Act into force "in the light of that review."

FORECAST ALTERED AFTER SURGE OF ORDERS FROM INDUSTRY AND COMMERCE

Building output expected to rise

BY IAN RODGER

TOTAL CONSTRUCTION output is likely to rise this year, thanks to a continuing surge of orders from the industrial and commercial sectors.

The National Council of Building Material Producers (BMP) has changed its view since the spring when it expected a slight decline in overall output. In a forecast* published yesterday, it is looking for a 2 per cent rise to £22.2bn in constant 1980 prices and a further 1 per cent next year. The forecast increase for new industrial construction work in 1985 has also been raised, from 10 per cent to 18 per cent. This follows a 25.8 per cent rise last year.

The industrial sector is benefiting from increased profits in industry and the drive by companies to take advantage of capital allowances before they are phased out. Total spending in this sector is likely to reach £2.8bn in 1980 prices. However, the BMP points out, this would still not be back to the £2.8bn level reached in 1980. It also foresees a levelling-off of spending in this sector next year because of industrialists anxieties about the cost of finance and fears that demand will stagnate.

The commercial sector – offices, shops, entertainment, buildings and hotels – is also expected to remain strong this year, with a forecast growth of 8 per cent to £3.4bn after 4.7 per cent growth last year. Office building, which accounts for the lion's share of orders in this sector, is concentrated in the south and the amount of floorspace available for letting in London is said to be falling. There has also been a dramatic increase in orders for entertainment building, so the BMP expects overall commercial building to continue growing by 5 per cent next year and 6 per cent in 1987.

The BMP is looking for an 8 per cent rise in private-sector spending on repair and maintenance to £1.6bn after a 6.6 per cent rise last year. It says this sector has been helped by higher cash flow and profits, as well as the reduced need to distinguish between repairs liable for VAT and zero-rated alterations.

Overall, the public sector remains weak, with public housing output expected to be down 15.5 per cent this year to £770m. The BMP notes that the pipeline of public sector tenders approved in Britain fell from 30,800 in 1983 to only 19,100 last year, excluding housing associations. Public non-housing new work may slip 1 per cent to £3.6bn.

The BMP disagrees with the Department of the Environment statistics showing increased public-sector repair and maintenance spending in the first quarter. It believes public repair and maintenance, other than housing, will drop 1 per cent to £2.7bn this year.

**BMP Forecast, Publications Department, BMP, 10 Great George Street, London SW1P 3AE. Annual subscription: £18 for three issues.*

Shipping industry earnings increase

By Andrew Fisher, Shipping Correspondent

BRITAIN'S shipping industry made an increased net contribution of £704m to the balance of payments last year, despite the steady decline in the fleet and recession in bulk cargo trades, said the General Council of British Shipping (GCBS).

The rise over the 1983 level was £80m, with the cruise, container, and ferry ship sectors all benefiting from improved trade, said Mr Brian Shaw, president of the GCBS. The figures, he said, "demonstrate the continuing high value of our merchant ships to the national economy."

But the 1984 contribution was still sharply down on the £822m earned in 1982. In the three years from 1979 to 1981 the figures were above £1.1bn. They comprise foreign receipts of the industry less payments made abroad for fuel, port, cargo handling, and other costs.

Total receipts of UK merchant ships last year were £2.36bn against £2.37bn in 1983 and £2.78bn in 1981. Export earnings amounted to £1.76bn, compared with £1.77bn the year before and £2.33bn in 1981.

Mr Shaw, who is also chairman of Furness Withy, part of the C. Y. Tung Group of Hong Kong, said: "Competition remains severe, much of it subsidised and state-supported, with UK shipping still at a fiscal disadvantage with virtually the whole of world shipping."

The UK merchant fleet, the world's eighth largest, reached a peak of 50m deadweight tons in 1975, but has since sunk to 17m dwt, mainly through the decline in the world tanker and bulk carrier sectors and the switch from old-style general cargo liner (scheduled route) vessels to fewer modern container ships with more capacity.

The problems which the steady fall in the merchant fleet could pose for Britain's defence were highlighted in a report last month which SEA Group, the consultants owned by Lloyd's of London Press, carried out for the Transport Department.

While it saw little change to 1992 in passenger ships, freight ferries, and container ships, the number of bulk cargo carriers could drop by 63 from the present 338, and oil products tankers by 14 from 109. Sharp declines could also occur in trawlers, tugs and oil-rig supply vessels.

A judicial leash that keeps ministers in check

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE JUDICIAL rap over the knuckles administered this week to Mr Norman Fowler, the Social Services Secretary, over a decision to alter the lodgings rule for unemployed young people is the latest instance of the courts keeping a watchful eye on the way ministers and others exercise their powers.

Last month it was the turn of Mr Nicholas Ridley, the Transport Minister. The courts ruled that he had no legal power to direct the Greater London Council (GLC) to hold a public inquiry before imposing a night-time and weekend ban on heavy lorries through the capital.

Last year, the courts held that Mrs Margaret Thatcher, Prime Minister, had acted unfairly in not consulting the unions before directing that staff at the Government Communications Headquarters (GCHQ) at Cheltenham could not enjoy trade union membership.

The relationship between the (non-elected) judiciary and the executive is a delicate one, with judges being generally concerned not to arrogate to themselves the decision-making powers that constitutionally reside with parliament.

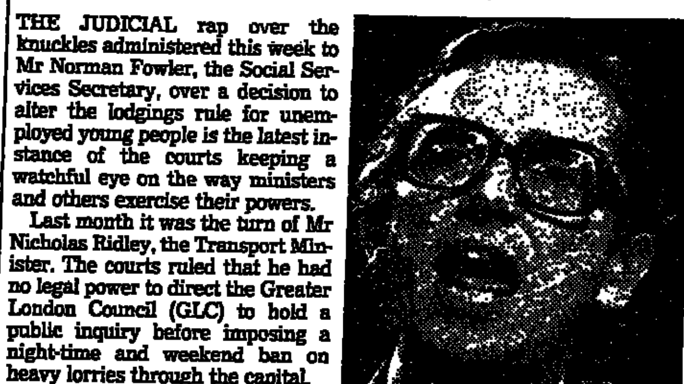
In reviewing the exercise of ministerial power, judges cannot supplant ministers' decisions with their own. Their concern is with the decision-making process, not with the merits of the decision itself. In the words of the old song, "It ain't what you do, it's the way that you do it."

If significant fault can be found with the way a decision has been reached it can be quashed and the minister told to think again.

Mr Fowler sought to bring in rule on the payment of unemployment benefit that would impose a residential time limit on people who moved to coastal areas at the expense of the Department of Health and Social Security and took a holiday while supposedly looking for work.

Mr Justice Mann's ruling against Mr Fowler was based on the minister's lack of jurisdiction to change the regulations without parliamentary approval. He did not, however, believe that Mr Fowler had acted unreasonably.

The judge said: "A decision that all able-bodied and independent young people who live on supplementary benefit in lodgings should move from one area to another in searrch of employment after a stay judged appropriate for the quest ... does not come within any distance of being outrageous.



Mr Norman Fowler

Mr Nicholas Ridley

When Mr Justice McNeill quashed Mr Ridley's direction in the lorry ban case he said that, even if Mr Ridley had had the legal power to direct a public inquiry, it would have been unreasonable for him to exercise it because of the lengths to which the GLC had gone to investigate, with independent help, the effects and implications of a ban before deciding to impose one.

The judges' power to curb the administrative excesses of ministers, public authorities and official tribunals stems from the judicial review procedure introduced in 1976. Administrative decisions can be reviewed, and condemned, on three grounds: illegality, irrationality and procedural impropriety.

Illegality means that a decision has been based on a wrong view of the applicable law or regulation.

Irrationality involves a decision being so outrageous that it is self-evident that the decision-maker must have been influenced by some improper motive, took into account irrelevant matters or left out of account relevant ones, or, as a speaker at the recent American Bar Association conference in London put it, "has simply taken leave of his senses."

"Irrationality" gives a somewhat misleading impression of what the courts have in mind. The cant phrase in judicial review cases is "Wednesbury unreasonableness" – a reference to a case involving Wednesbury Corporation (in the English Midlands) in which it was held that a decision was unreasonable if it was one which no reasonable person or authority, looking at all the facts and circumstances, would have taken.

Procedural impropriety is likely to relate to some unfairness in the way a decision was reached – as in the GCHQ case, where Mr Justice Glidewell held that Mrs Thatcher had breached natural justice or, as the judge preferred to express it, "fair play in action."

In the event, the fair play requirement was overridden by the Government's cry of national security considerations – something that the courts invariably accept without question.

The setbacks suffered by Mr Fowler and Mr Ridley at the hands of the courts are not indications of any new aggressiveness on the part of judges in their dealings with ministers, who are just as likely to have their decisions upheld.

Mr Patrick Jenkin, the Environment Secretary, for example, successfully fought off a series of attacks on his policy to curb high-spending local authorities.

In March his refusal to re-open a public inquiry into a plan for a £15m short take-off and landing airport (stolport) in London's dockland was upheld, the court holding that his action had not been illegal, unreasonable or unfair.

Five years ago, however, when he was Social Services Secretary, Mr Jenkin was not so lucky. The court told him he was acting illegally when he threw out a South London area health authority and put in commissioners in a clash over cash limits.

Nor is it only Conservative ministers who have fallen foul of the courts. In the wake of the GCHQ case Mrs Thatcher was quick to point out – quite accurately – that during the tenure of the previous Labour Government four ministers – Mr Sam Silkin, Mr Fred Mulley, Mr Peter Shore and Mr Roy Jenkins – had been hauled over the judicial coals.

Institutions earn 14% more abroad

BY GEORGE GRAHAM

THE CITY'S financial institutions increased their overseas earnings by 14 per cent last year to £6.1bn, according to official figures released yesterday.

The foreign income of UK banks jumped 35 per cent to £2.3bn, maintaining the same rate of growth as in 1983. Pension funds boosted their overseas earnings to £507m, reflecting the increase in recent years in their investments abroad.

The City, which the Government's Central Statistical Office (CSO) defines by economic activity rather than geographical location, accounted for 66 per cent of private sector net invisible earnings last year, compared with 73 per cent in 1983.

Lloyd's overseas underwriting income fell sharply but portfolio investment income rose 19 per cent, limiting the fall in net earnings by insurance institutions to 3 per cent.

Commodity traders also showed a fall in net overseas earnings to £242m. With export houses contributing £326m net overseas income from the sector rose 7 per cent to £668m.

Earnings from brokerage activities are understated because they lack up-to-date figures from the Baltic Exchange, the London shipping and freight market.

The Exchange said yesterday its net earnings rose to £305m in 1984 from £254m in 1983. The CSO statistics give £246m for both years.

Andrew Fisher looks at cross-Channel growth despite threat of fixed link

Full steam ahead for ferries

IT MIGHT seem paradoxical, but Britain's cross-Channel ferry operators are gearing up for a new round of spending just as finishing touches are being put to plans for a fixed link with France.

At this stage, nobody knows whether a tunnel, bridge or a combination of the two will be built, but most ferry companies are planning on the basis of some fixed link. Mr Gerry Draper, deputy chairman of Hoverspeed, said: "It has become a grand project, like putting a man on the Moon. It excites the imagination."

Not that the ferry industry sees the need for a fixed link. It has an anti-tunnel lobbying organisation, Flexilink, to push the counter-argument. City analysts, like Phillips & Drew's Mr Richard Hannah, have also expressed scepticism.

Even if a fixed link won approval, it might take up to 10 years to plan and build. Ferry operators such as Townsend Thoresen – part of European Ferries and contemplating two new £35m ($50m) ships for the Dover-Calais run – might earn back the cost of any investment in craft in that time and then redeploy their fleets.

Sealink, now part of Sea Containers, which is Bermuda-based but mainly run from London, also plans to build new ships, although it has not yet announced definite plans. An alternative for both Sealink and Townsend would be to convert existing ferries.

Hoverspeed wants to add large new craft to its fleet. It will probably lease one or two of the £20m craft, although its present six could be kept going for another 10 years.

Of the ferry companies that operate away from the short runs from Dover to Calais or Boulogne, Brittany Ferries of France, the West German Olau Line and Finnish-owned Sally Line have new tonnage in their sights too.

It is likely that the rest of the decade will bring big and exciting changes across the Channel. There have already been a few in the past year or so. Sea Containers paid £66m for Sealink UK, which is partnered by several continental European companies. It has tightened up the organisation and made some management changes.

Townsend Thoresen paid £12.5m in January for the loss-making P & O Ferries' cross-Channel operation and has just received official approval with the UK Government's decision not to refer the deal to the Monopolies and Mergers Commission.

The ports are also spending heavily. Dover, the world's busiest ferry port with 14m passengers a year, hasplans for more than £150m worth of investment in the next 15 years. On the River Thames, a new terminal is being opened at Dartford. Around the east coast in Harwich and Great Yarmouth, freight handling expansion has been announced. Ramsgate in Kent is also being developed.

Will the market grow enough in coming years to match all the intended investment? The summer ferry season is well under way and now the school term has ended, traffic is the busiest in the year.

The latest figures from Dover are not that cheerful, however. Passenger carryings last month were 9 per cent down at 1.49m. Car and coach traffic also fell, although freight was up. In the first six months of the year the fall in passenger traffic was a more gentle 1.7 per cent to 5.68m.

Companies have been reporting a more active July and expect plenty of business in August. A serious difficulty these days, as in the holiday trade generally, is the decision by many passengers to book late, or not at all, making it hard for operators to know where they stand.

The cross-Channel market is expected to show modest growth this year. Fares have risen by only about 5 per cent and Sealink has been winning new business with promotional offers. It claims to have picked up market share from Townsend Thoresen.

Its upgraded luxury service to the Channel Islands, however, does not yet seem to have boosted its carryings there. Brittany Ferries, on the other hand, said its service in that area, with islands-based Huelin Group, was performing well.

It is clear that standards on passenger ferries are set to improve greatly. After all, comfort and style can be strong selling points and the new £40m ferry that P & O is having built in Scotland for its North Sea service with Nedlloyd of the Netherlands will approach the luxury of a full-scale cruise ship.

Olau Line, with its two passenger and vehicle ships between Sheerness in Kent and Vlissingen, Holland, has been trading profitably on its luxury image for some years.

Mr David Smith, sales manage of Olau in the UK, said a price war might be on the way across the Channel, although other companies are not so pessimistic. The last battle in 1980 and 1981 was disastrous for operators.

Mr Smith said: "Sealink is coming in fast and furious, offering very competitive rates. Townsend Thoresen is beginning to retaliate and we are seeing the start of a price war. And this year, the mums and dads in their cars are not there."

Companies seem heartened about the long term by the fact that more mums and dads, and others, are prepared to drive longer distances on the Continent and stay for longer periods.

Mr Michael Kingshott, head of Sally UK, said: "More and more people are planning to take their cars abroad. More people take three weeks in the sun now that companies have become more relaxed in their holiday policies."

Sally began operating from Ramsgate in 1981 and hopes to break through to a small profit this year. It is investing heavily in ferry and general cargo facilities there.

Clearly, if a tunnel is built, most ferry companies will suffer in the end. Mr Hannah of stockbrokers Phillips & Drew reckoned they would then close down their marginal routes and concentrate on Dover-Calais, for whatever the efficiency and viability of a fixed link, not everyone wants to be underground for 20 miles.

THE ARTS

Arts Week

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Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia. Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an imperial railway carriage. (236 5568).

NETHERLANDS

Amsterdam, Stadsschouwburg. Yukio Ninangawa's samurai version of Macbeth, with Mikijiro Hira in the title role, and Komaki Kurihara as Lady Macbeth. (24 23 11).

SPAIN

Santander, Plaza Porticada. Lindsay Kemp Company. The Scottish mime actor in Flowers, a lyrical celebration of humanity. (21 05 08).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

TOKYO

The Diary of Anne Frank. The Japanese version of a musical based on the original diary, and directed by Kim Grant, stars Jun Anna, Kegumi Asaoka (as Anne), Akira Onodera. This seems an unsuitable subject for a musical but a relative of Anne Frank has given the project his blessing. The Geijutsu Theatre. (591 2333)

Opera and Ballet

LONDON

Royal Festival Hall: London Festival Ballet in Romeo and Juliet and La Sylphide. (928 3191).

WEST GERMANY

Bayreuth's annual Wagner festival, to August 28, includes The Flying Dutchman, produced by Harry Kupfer with Simon Estes in the title role. Tannhäuser, newly produced by Wolfgang Wagner, brings together Cheryl Studer, making her Bayreuth debut, and Rene Kollo. It is conducted by Guiseppe Sinopoli. Parsifal features Peter Hofmann, Simon Estes, Hans Sotin and Waltraud Meier. James Levine conducts.

ITALY

Rome: Terme di Caracalla (Rome Opera summer season): Turandot conducted by Daniel Oren with scenery and costumes by Sylvano Bussotti (based on the design of Galileo Chini and Umberto Brunelleschi for the opera's first performance at La Scala in 1926). This is the first time the completed version (by Franco Alfano from notes by Puccini) has been staged in Europe. Gwyneth Jones sings the title role with Diana Soviero as Liu, and Nicola Martinucci as Calaf (Wed). 461755.

Verona: Arena di Verona: Giselle conducted by Michel Sasson, danced by Carla Fracci (almost unbeatable in the title role), alternating with another distinguished performer, Elisabetta Terabust; Charles Jude in the part of Albrecht. Also Verdi's Attila, conducted by Nello Santi and produced by Giuliano Montaldo. In the cast Ruggero Raimondi, Antonella Manotti, Veriano Luchetti and Silvano Carroli; Aida (a re-creation of the 1913 production) conducted by Daniel Oren, and Jon Wednesday; Il Trovatore conducted by Reynald Giovaninetti and produced by Giuseppe Patroni Griffi. (23520).

Montecarlo (Lucca) (International Festival of Marlia and Lucca): Teatro dei Rassicurati: Händel's three-act musical drama Hercules produced by Antonio Taglioni and conducted by Herbert Handt, with the combined choirs of Cambridge University and Trinity College (Wed). (22517).

SPAIN

Santander, Plaza Porticada. Alwin Nikolais Dance Theatre of U.S. European premiere of programme including Noumenon, Graph, Tensile Involvement, and The Mechanical Organ. (Thur). (210508).

NEW YORK

Berkshire Opera Company (Cranwell Estate): With picnicking on the lawn between acts to view the sunset in the mountains, "Glyndebourne in the Berkshires" inaugurates its first season with fully staged and costumed performances of Acis & Galatea to celebrate Händel's 300th birthday. The full orchestra for the opera will be conducted by Judith Norell, who is also the harpsichordist. Tenor Gary Glaze from the New York City Opera sings the role of Acis, while Maureen O'Flynn of the Pennsylvania Opera sings Galatea. Bass baritone Andrej Dobriansky from the Metropolitan Opera takes the part of Polyphemus and tenor Patrick Romano, of the Waverly Consort, is Damon. Marge Champion, the noted choreographer and dancer, is doing the masque for ballet under the staging of Thomas Lee Rindge. Lenox, Massachusetts (413 637 3073).

New York City Opera (NY State): Elizabeth Knighton sings Magda, the banker's mistress whose true love is the provincial Ruggero, sung by Jon Garrison in Lofti Mansouri's winning production of La Rondine conducted by Alessandro Siciliani. Samuel Ramey sings the title role of Attila, conducted by Christopher Keene and directed by Lofti Mansouri. The week also includes Carmen and The Daughter of the Regiment. Lincoln Center (870 5580).

Music

PARIS

La Grande Ecurie et la Chambre du Roy, BWV Choir: J.S. Bach (Mon 8.30pm). Saint-Severin Church.

Duo Christian Ivaldi-Noel Lee, two pianos: One hour of the composers' transcriptions (Tue 6.30pm), Sorbonne, Amphithéâtre Richelieu.

Jean Guillou, Organ Recital: Bach (Wed 8.30pm). Saint-Germain-des-Pres Church.

Camerata Bern, Thomas Fueri conducting, violin soloist, Thomas Demenga, cello: Honegger, Haydn, Wolf, Bartok (Thur 8.30pm). Saint Merri Church.

All these concerts are part of the 20th Festival Estival de Paris (3546496, 5624080 11am-7pm, Sundays excepted).

LONDON

BBC Symphony Orchestra and Chorus, conducted by Mark Elder. Berlioz's La Damnation de Faust. Royal Albert Hall (Mon). (589 8212).

Philharmonia Orchestra, conducted by Eduardo Mata, with Jean-Philippe Collard, piano. Griffes, Rachmaninov and Tchaikovsky. Royal Albert Hall (Tue).

Scottish National Orchestra conducted by Matthias Bamert. Haydn, Elliott Carter and Brahms. Royal Albert Hall (Wed).

BBC Singers, conducted by Simon Joly. Aaron Copland, Howells and David Bedford. St. Luke's Church, Chelsea. (Wed, 6.45pm).

Scottish National Orchestra, conducted by Neeme Jarvi. Stravinsky, Tchaikovsky and Dvorak. Royal Albert Hall (Thur).

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Reitse Smits. North German Baroque composers, including Bruhns and Bach (Thur).

SPAIN

Santander, San Vicente de la Barquera. Ruinas Convento de San Luis XV. Prague Chamber Orchestra conducted by Otokar Stejskal: Händel, Bach, Mozart, Hindemith, Mendelssohn. (Mon). (210508).

Santander, Santillana Del Mar, Iglesia Regina Coeli. Kodaly Quartet. Haydn, Schubert, Dvorak. (Wed). (210508).

NEW YORK

Mostly Mozart Festival (Avery Fisher): Mozart Festival Orchestra, conducted by Stanislaw Skrowaczewski, with Alicia de Larrocha, pianist: Mozart, Beethoven (Mon, Wed): Cleveland Quartet. Richard Stoltzman, clarinet: James VanDemark, double bass: Schubert, Mozart, Brahms (Tue); Mostly Mozart Festival Winds & The Sylvan Winds: Mozart, Händel (Thur). Lincoln Center (874 2424).

CHICAGO

Ravinia Festival (Highland Park): Alissa Leiser, piano recital: Beethoven, Ben Weber, Chopin, Schubert (Mon); Spyro Gyra (Tue); Andy Williams (Wed); Chicago Symphony Orchestra conducted by Michael Tilson Thomas with Misha Dichter, pianist: Korsakov, Rachmaninov, Stravinsky (Thur). Highland Park (728 4642).

Exhibitions

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Berlin, Gropius Bau, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3,500 years of Chinese history. The exhibition in Berlin includes gold, and jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, on exh. 86. Some 80 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharaonic Art. Ends Nov. 85.

Berlin, Nationalgalerie, Potsdamer Straße 50: New acquisitions '75-'85, offer 500 works from between 1820 to 1985. Some 80 important artists participate. Ends Aug 25.

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival. Grand Palais, Closed Tue. Ends Sept 3 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their joie de vivre explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

BRUSSELS

Opera costumes from 1859 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herrmann's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) — The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso — and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

Naples: Istituto per l'arte Contemporanea: (Piazza dei Martiri 58). Vesuvius by Warhol: After Marilyn Monroe, Elvis Presley and Mao Tse Tung, Andy Warhol turns his attention to a fascinating natural phenomenon, with entertaining and colourful results. Ends Sept 1.

NETHERLANDS

Amsterdam, Film Museum (Vondel Park 3). The French Cinema 1929-1946. This week films by Chabrol, Clair, Vigo (Fri, Mon to Thur, all matinee). (831646).

Port of Amsterdam. Sail Amsterdam, the five-yearly gathering of tall ships from all over the world, will once again feature the majestic Kruzenshtern from the Soviet Union and Italy's Amerigo Vespucci, a dozen other square-riggers and hundreds of smaller craft. Ends Tue.

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

Santander, Paintings and sculpture by modern Spanish artists, Antonio Lopez, Andreu Alfaro, Antonio Saura, Eduardo Chillida. Fundacion Marcelino Botin, Santander. Ends Aug 8.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

VIENNA

Vienna 1870-1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle — Klimt, Otto Wagner, Schiele, Kokoschka, Adolf Loos, Josef Hoffman — in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political developments (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffmann's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Künstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 8.

Asia Society: Japanese art of the supernatural, featuring ghosts and demons that turn themselves into humorous creatures to harass guilty and innocent, are illustrated in prints screens, small sculptures, paintings and netsukes from the 17th to 19th centuries. Ends Sept 1.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 131 pieces covering 5,000 years of pottery, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

TOKYO

Qing Dynasty Treasures from the Forbidden City, Peking. An important exhibition of 273 pieces showing the opulence and craftsmanship of the Qing Dynasty (1644-1912). Costumes, ornaments, ceramics, paintings plus imperial banquet room setting, all magnificently displayed in Tokyo's best department store art museum. Seibu Department Store, Ikebukuro Branch. Ends Aug 26, closed Thursdays.

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bldg, Hibiya. With magnificent views overlooking Tokyo's tranquil central (moat-edged green around Imperial Palace) plus Japanese tea-room. Ends Sept 1, closed Mondays.

Cinema/Nigel Andrews

Hollywood goes to Sicily

Taormina Film Festival
My First Wife, directed by Paul Cox
Girls Just Want To Have Fun, directed by Alan Metter

At this year's Taormina Film Festival it was easy to think you had taken the wrong plane and arrived in Hollywood. When did one small town in Sicily last contain the likes of Esther Williams, Jaqueline Bisset, Eva Marie Saint, Nastassia Kinski, Chuck Norris and Tony Curtis? Not to mention, on the Italian galactic side, Gina Lollobrigida, Claudia Cardinale, Monica Vitti and others. If laid end to end, the stars would have stretched all the way to Mount Etna. As it was, they preferred to stand up and take a bow in the Saturday night gala in the Graeco-Roman theatre, and to decorate numerous banquets, parties and Press conferences thereafter.

This was the Taormina festival's biggest attempt yet to go international. The annual American Film Week inaugurated two years ago has now become a showcase for top commercial films, including *A View To A Kill* and the new Travolta vehicle *Perfect*. And Jack Valenti, who as President of the Motion Picture Association of America is Hollywood's top ambassador to the world, helped esquire both the movies and the stars around.

All the sadder that festival director Guglielmo Biraghi lay on a bed of pain throughout the 10 days, victim of a sciatica attack. For he has put Taormina on the map in recent years, and the 1985 festival even annexed a several-page spread — rare accolade!—in Variety. Taormina is now the main jumping-off point for American cinema into Italy, and not even the stoniest heart could fail to warm to the sound of 20,000 Italians in the starlit Graeco-Roman theatre cheering on dubbed versions of Burt Reynolds (in *Stick*) or Chuck Norris (in *Code of Silence*) or Roger Moore as a James Bond dispensing epigrams in impeccable Italian.

Taormina also has an international competition. The marvel of this event is its tendency to hit you with the very good and very bad in equal measure. And even the very bad has a gamy appeal not always found in festival films.

New Zealand's *Leave All Fair*, directed by John Reid, pushes Sir John Gielgud before us as a sublimely improbable John Middleton Murry, tangling in old age with his remembered passion for Katharine Mansfield (alias Mrs Murry). Sir John is attacked by flashbacks, is the victim of much tooth-breaking dialogue and never quite seems part of the same filmic world as Anglo-French sexpot Jane Birkin, who plays Katharine.

Lewis Furey's *Night Magic* (Canadian song-and-dance film, combining whimsical Leonard Cohen lyrics with end-of-pier choreography) and Ken Harrison's *1918* (distressed dialogue and stand-and-deliver performances in the Deep South during WW1) also come into the walking wounded category of world cinema.

Carole Laure in "Night Magic"

But all hail to Désiré Ecaré's *Visages de Femme* from the Ivory Coast and Juzo Itami's *Ososhiki (Funerals)* from Japn. The first is a whirligig blend of fiction and documentary: the kind of film which could only come from a cinematically underdeveloped country which hasn't yet learned the "rules" and can therefore happily make up its own. Its picture of woman's role in modern African society encompasses tribal dancing, martial arts, romance, comedy, the story of a "market mammy" (one of those fearsome matrons who rule many of West Africa's trading operations) and a long, raunchy scene of intimacy in a river that had international critics wiping the steam off their glasses. Omnivorous and colourful.

Ososhiki first surfaced in Cannes and will hit the London Film Festival in November. It stopped off in Taormina to win the Golden Cariddi for Best Film. Cooking some 40-carat snooks at traditional Japanese attitudes to death, it has a grimily funny gusto and promises much for its new director Juzo Itami.

Hanging delicately between the sublime and ridiculous were Tikoy Aguiluz's *Boatman* from the Philipines and Alessandro di Robilant's *Solo Per Amore (Only For Love)* from Italy. The first is a crudely Priapic melodrama—masquerading as a morality about big city corruption—in which a young man and woman learn the ropes of the Manila live sex show business. The audience is grateful to witness the lesson but wonders if voyeurism, however enjoyable, is really a substitute for good movie-making.

Only For Love could only be made in Italy: one of those picaresque yarns of crime, love and alienation set in the semi-wilderness loved by Antonioni and Pasolini. There's energy and wit here—and sparky acting from Maurizio Donadoni and Marietta Mehes—but there are also aching longueurs, when writer-director di Robilant seems to be thinking of what great Italian director he may next quote from.

The Competition films unspool in the Olimpia Cinema, whose slide-open roof invites cool night breezes plus competitive entertainment from the surrounding houses. Lights go on and off in upstairs windows and the air is regularly rent with squawking cats, radio music and the grating of Parmesan cheese. By contrast, the American films have special Press showings in a small converted puppet theatre called the San Nicolo. Here the only obstacle to concentration is a tendency to faint dead away due to poor air conditioning.

The irony is that Taormina's long-promsed architectural *pièce de resistance*—a new Conference Centre cum Festival Palace—is already complete; give or take the odd window or cornice. But Sicilian squabbles over who will get the contracts to furnish and equip it, and what authority will run it, have delayed its opening this year and may even do so next year. Taormina is a growing festival anxiously in need of a building to grow into and an improved quality of Competition movie to grow up with.

*

It need take no lessons in quality, though, from the new London releases. Can the Paul Cox who wrote and directed *My First Wife* be the same who earned huzzas for *Lonely Hearts* and *Man of Flowers*? It can and is. Yet the Australian director's new film, once more ploughing the stone-snagged furrows of sexual love, has swapped subtle tragi-comedy for hammy rhetoric. John Hargreaves and Wendy Hughes are the married couple tearing each other apart in overwritten dialogue; and the declamatory affair is further hyperbolised by endless helpings of Gluck and Orff on the soundtrack. By the end one is tempted to murmur the profane apostrophe "Gluck Orff" and hope for better things from Cox's next film.

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Girls Just Want To Have Fun is one of those "You too can win the dance competition" films, in which our hero and heroine (Lee Montgomery and Sarah Jessica Parker) defy repressive parents and jealous rivals to hoof everyone else off the floor in a disco contest. Can freshness defeat formula? Everyone is so hygienically good-looking they seem to have been raised in a toothpaste commercial, and the megatonic songs stream on like muzak for the deaf. But the plot contrivances are a mite better disguised than usual, and Alan Metter directs with cheerful élan and no false attempt at sophistication.

W.H. Smith to sponsor Children's Book Tent and Train

W. H. Smith is to spend more than £30,000 in sponsorship of the Children's Book Tent, part of the Edinburgh Book Festival, and the Children's Book Train, which, as part of Children's Book Week, begins its journey on October 12 and visits 18 towns around the country.

The Tent will be visited by over 30 children's authors between August 10-25.

The End of Europe/Lyric, Hammersmith

Martin Hoyle

The curtain rises on tiers of apparent waxworks; immobile as mannequins, they include soldiers, orthodox Jews, a nun, a dwarf and a Miss Haversham lookalike. Some have their mouths open in a silent scream, like a Francis Bacon cardinal. Two sinister compères in chalky make-up manipulate this family group—some actors, some dummies, galvanised into various reactions by the prospect of joining a cousin made good in America.

Janusz Wisniewski wrote, designed and directed *The End of Europe* which has toured that prematurely written-off continent from its native Poland with great success since 1983. The total impression is that of Lindsay Kemp, grown up at last, meeting Mervyn Peake in a fit of German Expressionism. The consequence is 55 minutes of busy movement and striking images; and the world says: "LIFT has done it again."

The symbolism is densely-woven. Death is a schoolmaster, Nosferatu in a wing-collar, who speaks German. There is a Cassandra-figure, referred to in the programme as The Filthy Accordianist in a judgment personal rather than professional; an ape in a tutu and straw boater; high-kicking and militaristic whores of Babylon; and a bare-breasted blonde who I think represents ravaged Europe. Despite knowing no Polish, I found it visually striking, not least when the company whirrs into jerkily clockwork movement and rhythmically repetitive gabble in moments of panic.

*

Another set of arabasques, here purely verbal, on the theme of Eruope as "Death's estate" was performed by Ian McDiarmid at the Almeida as part of the *Not the RSC* summer festival. Howard Barker's self-conscious writing, in the monologue *Don't Exaggerate*, finds an aptly mannered interpreter in Mr McDiarmid as an "ex-actor, rifleman deceased, dictator that never was." In a shaft of light and wearing only an overcoat, Mr McDiarmid tries to work some conviction into such meaningless resonances as "truth will expire just as quickly as desire." He rings more tonal changes on this wordy windiness than even Le Pétomane might have managed; but this is an unappetising trailer for a Barker season in October. In the Pit, to boot.

The Spirit's Harvest/Albert Hall

Andrew Clements

Anthony Payne's new symphonic poem has been a long time in the making. He first conceived the scheme in the late 1950s while still a student at Durham University, reworked it twice in 1964 and 1973, and eventually fleshed out the work in its definitive form for a BBC commission for this year's Proms. The result, playing for 25 minutes, was unveiled on Wednesday evening by the BBC Symphony Orchestra, faithfully conducted by Elgar Howarth.

The title too has changed along the way; the *Spirit's Harvest* is its third name. But the basic plot of the piece has remained constant—a grand, expressive narrative built from three elements, which the composer describes as "nature music, dance music (of a sort) and nocturnal music." Each of these is given its own opportunity to build to a climax, so defining the three main sections into which the poem falls; there is also a short expository introduction and a curious, uncertain coda, a scherzo which evidently was added only at a late stage in the composition and which acts to relieve the black emptiness into which the work had threatened to disappear.

There is a great deal in it that is striking on a first hearing, and even more which impresses itself on a repeat. As ever with Payne, the proportions of the structure are satisfyingly exact, the transitions between sections deft and smooth. The big adagio which brings the "nocturnal music" to a head carries the main burden of the emotional argument; nothing I have heard previously by this composer seems so richly scored or profoundly felt. The sombre pedal on which it comes to rest would have made a most pessimistic end to the work and it is not surprising that Payne should have decided to add a further alleviating section, however uncertain its effect.

Even if the achievement is considerable and entirely individual, in the earlier sections particularly there are definite echoes of other models. The way in which the first main section generates its momentum recalls some of Maxwell Davies's earlier (pre-symphonic) orchestral scores in both texture and intent, and if the central section seems more fretful than dance-like, its washes of colour suggest some Continental influences. For a work whose history spans almost the whole of Payne's composing career it also manages to suggest many new directions and the promise of a far greater emotional range.

London Symphony/Barbican

David Murray

In Wednesday's concert by Claudio Abbado and the London Symphony, which began with Mendelssohn and ended with Dvorák's Eighth, Prokofiev's late Sonfonia Concertante stood out as a welcome rarity. Not that Mendelssohn's "Reformation" Symphony is exactly a repertoire piece (we should have a pretty funny repertoire if it were), but everybody can remember vaguely having heard it. It is a work that constitutionally resists vivid recollection except where Mendelssohn's treatment of the "Dresden Amen" pre-echoes Wagner's in *Parsifal*.

Abbado has mounted loyal salvage operations on the dimmer Mendelssohn before now, and his serene, lovingly modelled account of the "Reformation" was sterling stuff. With the best will in the world, nevertheless, nobody can discover real symphonic pressure in a symphony that has none. With Dvorák's Symphony No 8 Abbado was a bit hard-handed; it was nervily effective, but explosive punctuation and sharp-cut edges diminished its folksy grace. On Abbado's own more cosmopolitan terms, the waltz-movement simmered and seethed with decadent frissons.

Prokofiev's late vein of gnomic lyricism is fully displayed in his Sonfonia Concertante op 125, though the work began as a re-write of his much earlier cello concerto. It was the young Rostropovich who fired Prokofiev with a fresh interest in the cello, and it was his former pupil Natalia Gutman who joined Abbado and the LSO to play it: a committed performance all round, and one which made a strong argument for electing the Sinfonia Concertante to central-repertoire status.

Miss Gutman has a rock-steady bowing arm and cool panache, less insistently personal than her former mentor's extrovert manner. She was unfalteringly brilliant in the many pages of rushing figuration and motorised arpeggios; the heart of the work, however, lies in its long, loping paragraphs of melody, and she shaped them with incisive warmth—sharply projected, in the grand Russian style, but full of intimate expressive detail. It is good that she is becoming a regular visitor to the West.

THE PROPERTY MARKET BY MICHAEL CASSELL

Buy-out at Guinness Peat

GUINNESS PEAT Properties, the fast-expanding, international property development arm of Guinness Peat, the financial services group, is in the final stages of negotiating a management buy-out.

The property operation, which is busy in the UK and the U.S., was set up in early 1980 under Martin Landau, a former director of Guinness Mahon, the group's merchant banking business. Guinness Mahon was involved in lending to property companies in the early 1970s and Landau was instrumental in sorting out the bank's property interests after the crash.

Landau suggested that some properties in which the bank was involved should be developed out and a property subsidiary was subsequently established. Since then, the company has quickly moved, through a series of successful development partnerships, to establish itself as an active UK developer.

GPP is currently involved in UK commercial developments with a capital value well in excess of £200m and has a workload of similar proportions in the U.S. Its most recent coup in the UK, announced earlier this month, involved a successful consortium bid for one of the City of London's last remaining, major development sites, situated close to the Tower of London.

In April, the company said it was joining with Tishman West, the U.S. developers, to construct a 130,000 sq ft office building on San Francisco's Montgomery Street, in the heart of the downtown business district.

The possibility of a split between the parent and the property subsidiaries has become increasingly likely following the declared intention of Alastair Moreton, chief executive of Guinness Peat, to regroup the business around finance and investment banking and to dispose of other activities when opportunities arise.

Equally, Landau and his team want to see the property operation given its head. They now appear to believe this can best be done away from the constraints imposed upon the business by its inclusion within the Guinness Peat camp, even though its banking and financial connections have helped it win numerous projects. In 1984, GPP arranged the funding of £75m of new development in the UK and around £90m in the U.S. In 1984, it recorded pre-tax profits of £1.4m.

There is no suggestion that the two camps have enjoyed anything other than a good working relationship and Moreton is known to have been very happy with the progress of GPP. Even so, it appears that the two sides of the business are no longer seen as being sufficiently compatible. It is understood that Guinness Peat will retain some financial interest in the property company.

Terms for the buy-out are now being discussed and an announcement is possible before the end of August. Neither of the parties involved want to say anything about the buy-out at this stage but the plan will clearly establish GPP, presumably under another name, as a significant force in the international property development and investment market.

GPP's UK development partners have included Sir Robert McAlpine — via St Mary at Hill Properties — London and Edinburgh Trust, Balfour Beatty and S. and W. Berisford. The group has completed several projects in the City of London and a wide range of office, retail and industrial development around the country. One of its largest provincial schemes involves a partnership with London and Edinburgh and Lovell Developments to develop 133,000 sq ft of offices in the centre of Basingstoke.

The company started in the U.S. in 1981, when it participated in the purchase of a 300,000 sq ft office building on New York's Madison Avenue. Its interest in the refurbished property has since been sold. GPP has also, under the London and Hartford Corporation banner, formed an active development partnership with Travelers Corporation and is now building a 429,000 sq ft office centre in Atlanta.

When the buy-out is complete, Landau's operation can be expected to enter a fresh phase of expansion and there must be a good chance that moves to seek outside equity participation will be high on the list of priorities.

Royal Life goes for seaside scheme

ROYAL LIFE Insurance has submitted preliminary plans for its largest direct retail development — a £20m shopping centre in the heart of Weston super Mare.

The project will provide about 150,000 sq ft of retail space, including two major stores and 27 standard units. Royal Life owns a considerable part of the town centre site, which is bounded by High Street, Regent Street, Salisbury Terrace and Post Office Road. A start on the scheme is expected next spring. The insurance company, which will shortly submit a planning application to Woodspring district council, already owns several major retail schemes around the UK. It is being advised in Weston by Hillier Parker and Stephen and Company.

● Just over 1m sq ft of office space in central London was taken up by occupiers during June, according to Debenham Tewson & Chinnocks. Overall available space fell, as a result, to 6.2m sq ft and, in the West End market, the total fell below 3m sq ft for the first time since mid-1982.

● IDC Commercial Properties has sold the freehold of its new development, Fleur de Lis Court, Houndsditch, EC3 to Britannic Assurance for over £1.9m, reflecting a yield of just over 5 per cent. Kinney & Green acted for IDC and Chesshire Gibson represented Britannic. IDC has, in conjunction with County Town Investments, also paid around £1m for the freehold of 37 Sun Street, EC2. A 7,000 sq ft refurbishment programme will produce a completed investment worth about £2.5m.

● County & District Properties has sold the freehold of a parade of eight shops in High Street, Brentwood, Essex, to Hambros Investment for around £1.3m. Income at the time of the deal was £48,500 but reversions and reviews have already pushed it to £104,000 a year. Hillier Parker acted for County and Bairstow Eves acted for Hambros.

● Norwich Union is to develop a 65,000 sq ft office building at Harlow for occupation by ITT Industries. Work on the £7m scheme will take about 15 months and ITT will use the building as its main research and development centre in the UK. Knight Frank and Rutley are funding advisers.

● Bank of Credit and Commerce International has taken a lease on Archery House, Bury Street, EC3, at a rent of £250,000 a year. The 13,700 sq ft building is owned by Sun Life Assurance. Richard Ellis and Weatheralls acted for the owner.

Rockefeller shares the riches

THIS WEEK'S record-breaking real estate financing deal by the Rockefeller family, which is mortgaging New York's Rockefeller Center to raise a handy $1bn, provides international investors with a tantalising chance to own a piece of one of the world's best-known properties.

The plan involves the creation of a new public company, operating as a tax exempt real estate investment trust, which may ultimately own a majority stake in the mid-town Manhattan landmark. Rockefeller Center Properties will seek $600m from U.S. shareholders and another $500m via the issue, to foreign investors, of convertible debentures. Proceeds from the sale will be used to make a loan to Rockefeller family interests which, in 15 years time, can be converted into a 60 per cent stake.

Home of Radio City Music Hall and the Rainbow Room restaurant, the Center is one of the world's largest, privately owned business and entertainment centres and potential investors are being lured by the prospect of increasingly attractive returns.

In the heart of mid-town Manhattan, the Center was built between 1932 and 1952 on 12 acres of land covering the best part of three blocks. There are 12 principal buildings providing just over 6m sq ft of accommodation, nearly 90 per cent of which is office space. The buildings and land have, for the purposes of the financing package, been valued at $1.6bn.

Tenants include major names like NBC, RCA, Manufacturers Hanover Trust and Simon and Schuster and the vacancy rate is under 2 per cent compared to 5 or 6 per cent in the prime, midtown office market as a whole. Rents on existing leases throughout the Center average $26.50 a sq ft, although the most recent tenancy agreements involve rentals as high as $50 a sq ft. Leases covering nearly 68 per cent of total office space expire by 1994 (47 per cent in that year alone), offering the chance of a substantial uplift in income.

Gross rental income in the nine months ending December 1985 is put at $140m, with a full year total of $198m forecast for 1986. By the year 2000, when the newly created company can exercise its 60 per cent partnership option, rental income is forecast to reach $580m. The company forecasts a 1986 dividend of $1.75 (8.75 per cent), rising as high as 25 per cent within 15 years.

The newly-created company is going out of its way to point out the potential pitfalls of investing in a single, non-diversified investment, though few potential shareholders are likely to be put off. RCP emphasises that its performance will depend on revenues and capital appreciation and that, over the last decade, the fortunes of the Manhattan office market have fluctuated violently.

For good measure, the directors point out proposed changes to the federal tax system, whilst not directly affecting real estate investment trusts, could reduce the value of real estate investments generally.

In addition, the company emphasises that it is newly organised and has no track record, though inclusion on the board of people like David Rockefeller, Ben Holloway, chairman of Equitable Real Estate Group, and Paul Reichmann of Olympia & York should go more than a little way to setting investors' minds at rest on that particular score. Neither will it have any management control over the Center, at least until the purchase option in 2000.

The company also highlights the importance of NBC as a tenant—it has 16 per cent of lettable space—and the problems which could arise if, on expiry of its lease in nine years' time, it decided to move out. Much of the space occupied by the corporation is tailor-made for broadcasting and conversion back into traditional office space would be a hugely expensive business.

As it is, 1994 net cash flow is forecast to slump by over $90m because of the high number of lease terminations in that year and the resulting improvements which will be required. Even so, the directors clearly believe that whatever is spent on the property must eventually be reflected in its ultimate value.

Most investors will agree and there will be few doubts about the advisability of owning a piece of the mid-town action between Fifth Avenue and Avenue of the Americas.

Land for Sale

IBA Investments

Factories and Warehouses

Offices to Let

Offices

For Investment

International Property

Company Notices

NOTICE OF PREPAYMENT

Crédit d'Equipement des Petites et Moyennes Entreprises (C.E.P.M.E.)

U.S.$200,000,000
Floating Rate Notes due 1988

Unconditionally guaranteed by THE REPUBLIC OF FRANCE

Notice is hereby given that C.E.P.M.E. will prepay at par all of the above-mentioned Notes on the Interest Payment Date falling on September 6, 1985.

The Bearer Notes to be prepaid will be reimbursable coupon n°11 and following attached on and after September 6, 1985.

Payment of interest due on September 6, 1985 and reimbursement of principal will be made in accordance with the terms and conditions of the Notes.

Interest will cease to accrue on Notes as from September 6, 1985.

Luxembourg, August 2, 1985

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

BRASCAN LIMITED Classe "C"
International Depositary Receipt (IDR)
Issued by Morgan Guaranty Trust Company of New York
Brussels Office

A distribution of Can$0.40 per depositary shares less any applicable taxes and fees will be payable on and after August 31, 1985 upon presentation of Coupon No. 35 at any of the following offices of Morgan Guaranty Trust Company of New York:
—New York (USA), 30 West Broadway
—Brussels, 35 Avenue des Arts
—Antwerp, 82 Frankrijklei
—London, 1 Angel Court
—Paris, 14 Place Vendôme
—Frankfurt, Mainzer Landstrasse 46
—Zurich, Stockerstrasse, 38
& Banque Générale du Luxembourg
27 Avenue Monterey, Luxembourg

THE ROYAL BANK OF CANADA
US$350,000
Floating Rate Debentures due 2005

In accordance with the terms and conditions of the Debentures, the interest rate for the period August 5, 1985, to September 5, 1985, has been fixed at 8⅛ per cent per annum.
On September 5, 1985, interest of US$69.97 per US$10,000 nominal amount of the Debentures and interest of US$699.65 per US$100,000 nominal amount of the Debentures will be due for payment.
The rate of interest for the period commencing September 5, 1985, will be determined September 3, 1985.

ORION ROYAL BANK LIMITED
Agent Bank and Principal Paying Agent

REPUBLIC OF ICELAND
12,000,000 European Units of Account
5¾% 1976/1986 Bonds

Pursuant to the provisions of the Purchase Fund notice is hereby given to Bondholders that no Bonds have been purchased for the Purchase Fund during the 12-month period commencing July 16, 1984.

Amount outstanding: UA 10,436,000.

The Fiscal Agent
KREDIETBANK SA
Luxembourgeoise

August 2, 1985

CITY OF LIMA
(The Honourable Provincial Council of Lima)
5% FIRST MORTGAGE BONDS 1911

Lloyds Bank International Limited, 40-66 Queen Victoria Street, London EC4P 3EL, announce that coupons due 1st July 1985 of the City of Lima (The Honourable Provincial Council of Lima) 5% First Mortgage Bonds 1911, may be lodged for payment, but must be left an appropriate period for examination. Coupons will not be accepted through the post.

COMPAGNIE FINANCIERE MICHELIN OVERSEAS N.V.
U.S.$60,000,000 9.25%
GUARANTEED BONDS DUE 1988

Holders of the abovementioned bonds are hereby informed that the annual redemption instalment due September 15, 1985 amounting to U.S.$4,000,000 has been entirely repurchased in the market.
Consequently a drawing by lot will not take place this year.
The amount of bonds remaining outstanding after the redemption date will be U.S.$45,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

Luxembourg, August 2, 1985.

BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.)
U.S.$100,000,000
Floating Rate Notes due 1997

NOTICE IS HEREBY GIVEN that for the six months from August 1st 1985 to February 2nd 1986 the Notes will carry an interest rate of 8 15/16% per annum. The interest payable on each U.S.$10,000 and U.S.$100,000 Note on the relevant interest payment date, February 2nd, will be U.S.$458.54 and U.S.$4585.42 respectively.

The Fiscal Agent
BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.
5½% Debenture Stock 1986-88

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned DEBENTURE STOCK will be CLOSED for TRANSFER and REGISTRATION from 19th to 30th August, 1985 both days inclusive.

By Order of the Board
H. J. McTurk, Secretary

48 Palmerston Place
Edinburgh EH12 5BR
2nd August, 1985

Legal Notices

IN THE MATTER OF MOORE & BEESON LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 19th day of August, 1985 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PATRICK GRANVILLE WHITE, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Joint Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 8th day of July 1985.

PATRICK GRANVILLE WHITE
JOHN DENNIS CROSS

Personal

THE MARRIAGE BUREAU (Heather Jenner), 124, New Bond Street, W.1. 01-629 9634. (Est. 1939.)

APPOINTMENTS

Ansbacher reconstitution

AT HENRY ANSBACHER HOLDINGS the following directorship changes have taken place. Mr T. D. H. Young and Mr J. Graham have resigned from the board, and Mr F. F. Phillips, Mr W. Griessmann and Mr H. R. Sykes have retired and decided not to seek re-election. Mr T. M. Aron, Mr V. J. Byrne, Mr C. J. H. M. Shaw, Mr C. J. Smith, Mr J. M. Button and Mr R. J. Wells have also resigned.

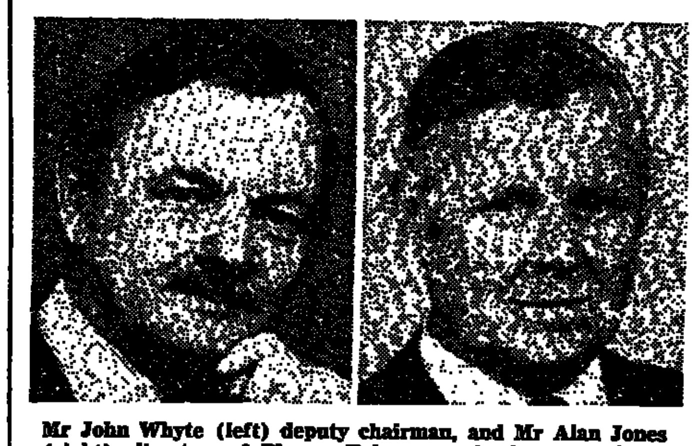
Under the chairmanship of Mr D. H. LeRoy-Lewis, the board now consists of Mr R. D. Fenhalls and Mr C. R. Longbottom, the two executive chairmen of the operating divisions, Lord Spens, managing director of the bank and representatives of Pargesa Holding and Groupe Bruxelles Lambert. Mr Button remains executive chairman of Ansbacher (C.I.) and its subsidiaries; Mr Byrne, chairman of Seascope Reinsurance Brokers; Mr Graham and Mr Sykes, joint deputy chairmen, and Mr Young as managing director of Seascope Shipping and Mr Wells as managing director of Seascope Insurance Holdings. Mr Shaw continues as deputy chairman of Henry Ansbacher Inc and Mr Phillips has assumed executive responsibility of the lending department of the bank. Mr Griessmann and Mr Aron remain non-executive directors of the bank and Henry Ansbacher Inc respectively. Mr Smith, who is retiring from his business activities generally, has resigned from the bank board.

★

Mr R. F. Chalmers, formerly vice - president, Newfoundland operations with the ERCO division of ALBRIGHT & WILSON, has been appointed managing director of the resins and organics division. He was appointed plant manager of ERCO's Vancouver sodium chlorate plant in 1977, operations manager, Long Harbour in 1979 and vice-president, Newfoundland operations 1981. Mr M. S. McKinley formerly manager overseas exports, has been appointed sales director of the detergents division, Whitehaven.

★

Mr John Whyte has become deputy chairman and Mr Alan Jones a director at PLESSEY TELECOMMUNICATIONS AND OFFICE SYSTEMS. Mr Whyte, a member of the board, was previously chairman of Plessey Telecommunications (International), and is also in charge of Plessey telecommunications interests in the U.S. as chairman of Stromberg-Carlson Corporation and chairman of Astronet Corporation. He joined Plessey in 1983 having spent most of his career with Post Office Telecommunications and British Telecom, latterly as managing director, major systems and engineer-in-chief. Mr Jones is international director with the Plessey Company and was elected to the company's main board in April. Most recently he was divisional manging director of the displays and sensors division, Plessey Electronic Systems.



Mr John Whyte (left) deputy chairman, and Mr Alan Jones (right), director, of Plessey Telecommunications and Office Systems.

★

Mr Clive Bailey has been appointed finance director of MCD GROUP. Previously he was managing director of the Bailey Carpets Group. Mr Derek Cardy is appointed managing director of Bailey Carpets Bristol, and Mr Alan Driscoll becomes managing director of Bailey Carpets Swansea.

★

HALIFAX BUILDING SOCIETY has appointed Mr John Humphries a member of the Society's London board. He is a senior partner and head of the property department of City solicitors Travers Smith Braithwaite.

★

The Transport Secretary has appointed Mr David Sawyer as a part-time board member of the CIVIL AVIATION AUTHORITY. Mr Sawyer has been appointed for a three-year term.

★

The Treasury Minister has appointed Mr Peter Gittoes, head of advertising, Barclay's Bank to be chairman of the ADVISORY COMMITTEE ON ADVERTISING.

★

Mr Laurence W. Higgitt has been appointed a director of STEPHEN ROSE AND PARTNERS.

★

Mr Donald Driver has been appointed chairman of MEGGITT HOLDINGS following the retirement of Mr John Tyler.

★

Mr Hugh D. McCartney has been promoted to sales director at MSA (MANAGEMENT SCIENCE AMERICA). He was sales manager.

★

GROUP LOTUS has appointed as non-executive directors on the main board Mr Anthony Bamford, chairman and managing director of J. C. Bamford Excavators, which has a shareholding in Group Lotus; and Mr James Campbell, chairman and managing director of Mann, Egerton and Co, a wholly owned subsidiary of Inchcape.

★

ELBAR INDUSTRIAL has appointed Mr John E. Dowling as a director. He is chief executive of Bestobell and a former chairman of Henlys.

★

TIPHOOK has appointed Mr John Emms as director Far East, to be based in Tiphook Container Rental's new Hong Kong regional office. Mr Terrence James becomes operations director, and Mr Richard Jackson financial director based in Bromley.

★

CRYSTALATE ELECTRONICS has combined the activities of its Welwyn Microelectronics and Welwyn Printed Circuits Divisions at Bedlington, Northumberland, into a new advanced technology group called Welwyn MicroCircuits. Heading the group as managing director is Mr Bob Wray, formerly director and general manager of Welwyn Microelectronics Division. Mr Graham Latham has been made commercial director and retains his post as general manager of Welwyn Printed Circuits Division. Mr Barry George becomes technical director and Mr Norman Spence the financial controller.

★

Mr Richard Haynes has become chairman and chief executive of REX STEWART GRANGER ASSOCIATES, Birmingham.

★

Mr Paul Gold has been appointed executive director and head of sales at BANK OF AMERICA INTERNATIONAL. He was previously senior assistant director and head of sales at Morgan Grenfell.

★

Mr Derek A. Newman has joined CANADIAN IMPERIAL BANK GROUP as general manager, UK and Ireland. He was formerly vice-president of Chemical Bank, London. Mr Trevor Wicks has been appointed manager, export and trade finance at Canadian Imperial, based in the European operations office in London. He joined from the Midland Bank.

★

GUY BUTLER (INTERNATIONAL) has appointed Mr D. G. E. Thomas as assistant director; and Mr E. R. Asher, Mr S. Mitchell, Mr J. W. Herbert and Mr D. J. Gibbs as directors. Mr Thomas is also a director of Butler Treasury Services.

★

Michigan-based Ziebart International Corporation has appointed Mr Hugh Weir as managing director of wholly-owned British subsidiary ZIEBART UK. He succeeds Mr Lou Smith, who has taken up a senior position with the parent company in the U.S. Mr Weir was general manager, responsible for Ziebart business development throughout the Arabian Peninsula.

★

Mr Geoffrey H. Birch, formerly a corporate finance director with Midland Bank, has joined the board of FROGMORE ESTATES as a non-executive director. Mr Barry G. Kitcherside has been appointed technical director of Frogmore Estates (Investments), main operating subsidiary.

★

Mr L. J. Blackie has been appointed to the board of HAWKER PACIFIC PTY, an Australian-based marine, metals and aerospace subsidiary company of Hawker Siddeley Group.

★

ARC CONCRETE has appointed at Conbloc division—Mr Tony Banks, chairman; Mr Peter Smythe, managing director; Mr Trevor Broyd, area director (central); Mr Jim Pepperell, area director (south); Mr John Saunders, area director (eastern); Mr John Knapp, sales director. Pipes division—Mr Tony Banks, chairman; Mr Philip Boon, managing director; Mr Martin Cox, area director (north); Mr Mike Flynn, area director (south); Mr Allen Aveock, sales director; Mr Eric Rowlands, technical director.

★

Mr Bryan Hope becomes president, REED WORLDWIDE EXHIBITION ACTIVITIES, on October 1, and will be based in the Stamford, Connecticut, U.S., headquarters of Cahners Exposition Group. He will be responsible for all Reed exhibition interests worldwide, including Cahners Exposition Group, Industrial and Trade Fairs Holdings, Reed Exhibitions, United Exhibition Services and International Exhibition Services. Mr Hope, who is currently chairman and chief executive of Business Press International, will become a director of Cahners Publishing Company, the parent company of CEG. He is a director of Cahners' parent company, Reed Publishing, and will continue to be a director of Business Press International.

★

Mr Rodney Moore, assistant managing director for Ladbroke Holidays UK, has been appointed managing director of LADBROKE RETAIL CATERING, a division of Ladbroke Group, which includes Olivers (UK), Asteys, and Strikes Restaurants. Mr Moore will retain his current responsibilities as assistant managing director of Ladbroke Holidays UK. Ladbroke Hotels has appointed Mr Martin Gatto as finance director for the division, which includes 60 hotels throughout the UK and Europe. He was financial controller of the Grand Metropolitan brewing and retailing divisions.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday August 2 1985

Pressure on South Africa

A CONVINCING abstract case for applying economic sanctions against South Africa is extremely hard to construct. Most European governments believe that flows of trade and finance confer such general benefits that they should continue even to countries with abhorrent regimes. The examples are legion and they raise the question why South Africa should be placed in a different moral category.

In practical terms the arguments against economic sanctions have been spelt out here several times before. Industrial development has already shown itself to be an insidious force for change in the South African system. Economic isolation is more likely to stiffen white South Africa's resistance to reform than to enhance it. Anyone who disputes this assertion must concede that the new tide of anti-apartheid, pro-sanctions sentiment in the U.S. has coincided with 12 months of particular obduracy and misguidedness in Pretoria.

If the economic isolation were to produce recession still deeper than the one South Africa is already experiencing it would bear as heavily upon the black population, and upon South Africa's black neighbours, as upon the white minority. It might make a violent end to apartheid more likely, but it would not promote a peaceful move towards a constitution in which black South Africans are citizens of their country and play their part in the election of the central government.

Breakdown

The internal pressures for reform and dangers of a collapse into violence, are already great in South Africa. The most significant developments of the last year have been the way the basic political aspiration has eclipsed economic inequality and the non-constitutional aspects of apartheid as the central black grievance and the way black participation in local administration has been branded as collaboration. A breakdown in the services and the law and order of the black townships in white South Africa now threatens, with dire consequences.

Abstracted from the real world such arguments would endorse the speech which Sir Geoffrey Howe, the Foreign Secretary, made last week in which he firmly opposed economic sanctions of any kind. But realpolitik makes such a stance counter-productive, even for a government-by-conviction of the sort led by Mrs Thatcher.

A global tide of pro-sanctions sentiment is running very strongly. The U.S. Congress is moving relentlessly towards sanctions. The UN Security Council has recommended them. The majority of European governments want them. The overwhelming majority of Commonwealth governments want them. The point has been reached where spelling out the logical arguments against sanctions conveys an attitude of appeasement and self-interest, however much Britain insists it abhors apartheid and urges constructive change upon Pretoria. To judge by recent statements made by President Botha, the South African Government is just as inclined to misinterpret Britain's position as anyone else.

Joint approach

There is every chance that events in South Africa will make this isolated and misunderstood position harder and harder to justify in the weeks ahead. Britain's balance of economic interest could well shift if governments in the Commonwealth and the Third World single it out for criticism. Nor can the Government rule out an upwelling of anti-South African political sentiment in Britain to match the one in the U.S. Even in President Reagan's America observers now find it hard to predict whether the President will preserve his backing for the British Government by vetoing the sanctions now going through Congress.

After hours of argument on Wednesday night the foreign ministers of the European Community countries failed to find a common line on sanctions—unsurprisingly in light of the prior postures unwisely struck by France and the UK. But they agreed to recall all their ambassadors from South Africa and will now draw upon their advice to find out if there is a joint approach upon which they can all agree.

Britain has every interest in trying to discover, through this process, joint European sanctions that will underline the clear list of demands it has already made of the government in Pretoria without for the moment setting out to undermine the South African economy or its trade.

Some actions could be unconditional, like making the EEC code of conduct for European companies working in South Africa mandatory. Others could be made conditional upon the South African government's future policies. These might include a clampdown on European participation in loans guaranteed by the South African government, a ban on the sale of Krugerrands and a cultural embargo on the export of films, television programmes and other forms of entertainment.

Privatising a tax concession

SIR NORMAN PAYNE must be pleased. The Government is planning to float the nationalised business he runs on the London stock exchange sometime in the next 18 months. Moreover it has raised no awkward questions about competition: there is no prospect that the business will be carved up ahead of the sale. Sir Norman, for his part, has turned in an excellent financial performance in the past year. Profits, at £72m, are 40 per cent up and represent a 6.9 per cent return on net assets.

What kind of business does Sir Norman run, one might enquire, if profitability is high but competition not deemed necessary even in the long run? A cursory glance at his main profit centres reveals all: Sir Norman is a high-class retailer operating out of seven large green-field sites in England and Wales. He sells a good deal of alcohol, tobacco and perfume and dabbles in small items such as watches, books and cheap electrical goods.

Competition

These commercial activities are very profitable. Indeed, established retailers such as Marks and Spencer and J. Sainsbury might be wise to examine the activities of what could be a potent future competitor. Last year, Sir Norman notched up a profit of £96m on commercial activities, not bad on an income base of £179m. Fortunately, these profits, mainly earned at the sites in Hounslow, and the South of London, were sufficient to offset the losses Sir Norman made in his other main business—the provision of large concrete platforms on which aircraft can take off and land.

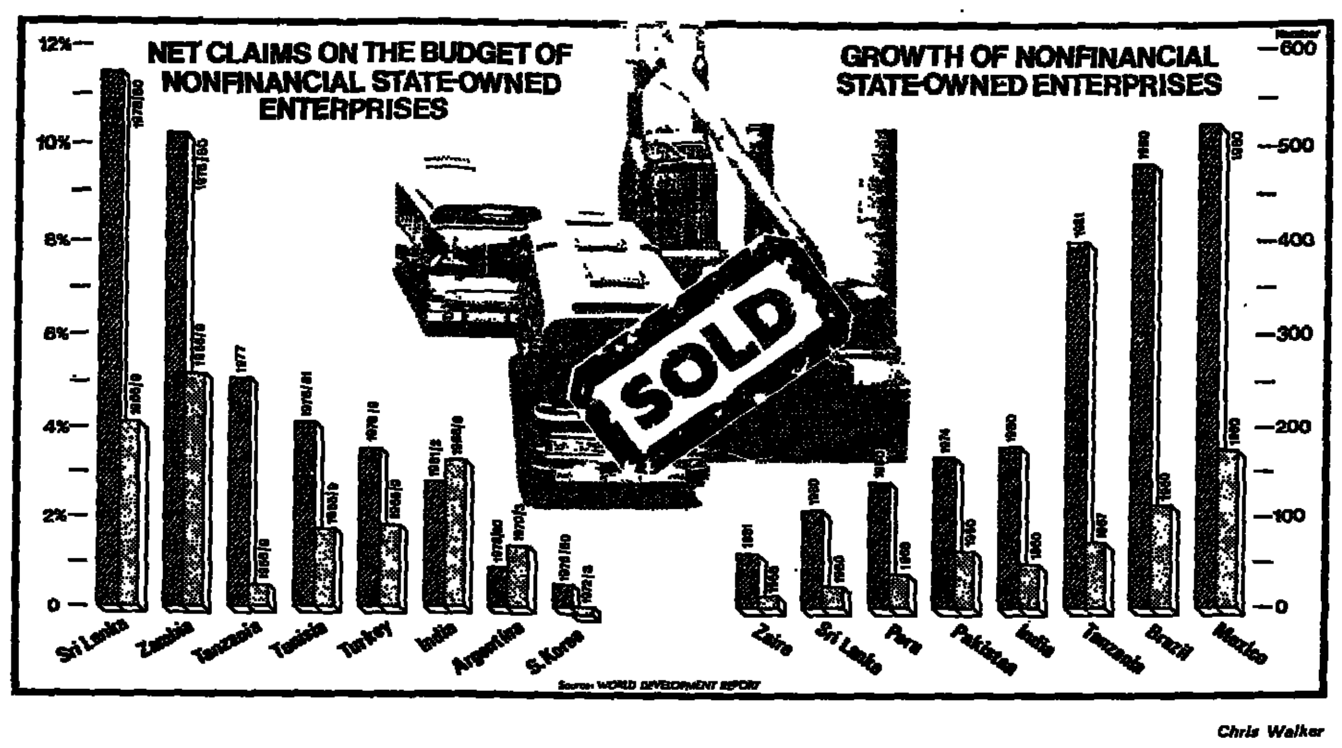
These "air traffic" services, which doubtless account for the name of Sir Norman's business, the British Airports Authority, have always been unprofitable. Last year, total losses were £22m and Sir Norman would have been in trouble with the Treasury but for his retailing. However, it seems unlikely that BAA will drop this side of its business following privatisation. Air traffic is an important loss-leader for BAA attracting large numbers of people into its shops. Indeed, Sir Norman is planning heavy capital investment in Stanstead, Essex to attract even more "passenger" throughput.

It is difficult to predict how the Government will choose to promote Sir Norman's hybrid business as it prepares for privatisation. On the one hand, it will hardly want to highlight the losses BAA makes on air traffic services. On the other, extolling the group's prowess as a retailer could be dangerous. The commercial profits, after all, mainly reflect the huge benefit of BAA's tax concession: unlike any other retailer in the UK, Sir Norman can sell alcohol, perfume and so forth duty-free. There could be pressure to create a level playing field—to abolish this odd concession or at least extend it to retailers in city centres.

Such pressure would be exacerbated if, following privatisation, BAA sought to diversify in a big way. Since BAA's prospective profits depend so heavily on its tax privilege, potential investors need some guidance about the future of the concession

Privatisation will create other headaches. In the case of British Telecom there was at least the prospect of competition. With BAA, regulation will have to be perpetual: nothing in the UK will challenge the supremacy of its South East airports. The danger is that after a good start the regulator will gradually exert dwindling pressure on BAA's management. It will be particularly important to improve and maintain the efficiency of the loss-making air traffic services. Assuming the duty free concession is immovable (on the shaky logic that it exists abroad), the regulator will have to determine the degree of acceptable cross subsidisation from commercial services. None of this will be easy.

PRIVATISATION IN DEVELOPING COUNTRIES



Chris Walker

Everywhere the state is in retreat

By Anatole Kaletsky

"IT'S a ridiculous myth that there are no entrepreneurs in Third World countries; that Africans, for instance, are not motivated by money. Entrepreneurs go where the action is; and that has been bureaucracy and government. Now the government money is running out—and pretty soon there'll be one hell of an entrepreneurial explosion in the private sectors of many developing countries."

This young World Bank official's enthusiastic tone might not produce too many echoes in the presidential palaces of Africa, Latin America and Asia, but the gist of his remark is becoming conventional wisdom. Although most people in the Third World have never heard of Margaret Thatcher, their lives are being changed by Mrs Thatcher's favourite political neologism—privatisation.

Privatisation is an idea whose time has come from Bangladesh to Brazil, from Turkey to Togo in West Africa. Dozens of state-owned enterprises have already been sold to the private sector in these and other Third World countries. Nearly 100 companies, including most of the jute, textile, chemical and engineering industries have, for example, been sold off in Bangladesh since the announcement of a New Industrial Policy in 1982, while Pakistan has denationalised some 2,000 rural rice, flour and cotton mills, as well as transferring maintenance of small wells and irrigation projects to private contractors.

Jamaica has sold or leased most of its sugar refining and hotel interests, while the Obote government in Uganda sold 49 per cent participations in major sugar and tea companies back to their original owners.

Among the richer developing countries, Brazil last week announced a list of 77 companies earmarked for privatisation, following the sale of roughly a dozen state-owned firms by a commission for divestiture set up in 1981. Mexico, Peru and Argentina have also put small numbers of state-owned industrial firms on the auction block. Thailand and Malaysia are both investigating the privatisation of telecommunications and have sent representatives to Britain and Japan to study their experiences with privatised telecommunications.

Of course, the upsurge of privatisation in developing countries has only had an indirect connection with the examples set by Britain and a few other industrialised countries.

Since 1980, right-wing aid donors, most notably the Reagan Administration, have applied ideological pressure not only on the Third World governments directly, but also on the World Bank and the International Monetary Fund. Furthermore, "the change of mood in the North, especially what's going on in Socialist countries like France, Hungary, to say nothing of China, has left the statists in the South completely bewildered," says a World Bank official who has specialised in Latin American and African privatisations. But these have been minor factors in comparison with what he describes as the financial, political and economic imperatives.

The most important immediate consideration is, quite simply, that the money has run out.

State-owned enterprises have put heavy demands on the financial resources of all developing countries. Two years ago the World Bank found that net budgetary payments to state enterprises averaged 3 per cent of GDP in a sample of 27 countries (the chart shows figures for some individual countries).

Not all this money was simply soaked up in losses. In a few cases, such as India, public enterprises which required substantial external financing for their investment programmes were found to be generating adequate returns on capital. In most countries, however, the

Quite simply, the money has run out

inability of public enterprises to generate through profits the money they need for investment has turned them into a crippling burden.

For many years, this burden was supportable, as a result of growing flows of aid and bank lending from the industrialised world. In recent years, however, financial crisis has concentrated minds wonderfully on statistics like the following: the World Bank found in 1983 that a 5 per cent increase in state enterprise revenues and a 5 per cent reduction in costs would be enough to finance the whole of Tanzania's spending on health, and double the health spending in Mali, for example.

For supporters of privatisation, the financial squeeze "is the greatest possible benediction." Or, as one senior development consultant puts it, "governments sometimes do the right thing, but only after they've exhausted all the alternatives."

Such jaundiced comments arise not simply out of an ideological bias against the public sector. Indeed, some of the experts now recommending privatisation were in the forefront of earlier campaigns for state-sponsored economic development. But today, even the socialists in the development community admit that they failed to foresee the consequences of concentrating excessive resources in the public sectors of countries which were politically, as well as economically, underdeveloped.

Thes political problems take many forms, most of which can be traced back to the 1950s and 1960s, when many Third World countries achieved their independence in a period of emphasis on economies of scale and "universal optimism about the role of their state," as a World Bank official puts it.

The European powers had run their colonies mainly through governmental bureaucracies but had allowed little or no development of large-scale indigenous businesses.

It was natural, therefore, for the newly independent countries to regard bureaucracies as symbols of political maturity, and private enterprises as instruments of economic exploitation. The former colonists, meanwhile, felt a responsibility to help with "institution building" and channelled their aid to the public sector.

The outcomes depended partly on the political and economic sophistication and national cohesiveness of each country. In Africa especially they tended to be disastrous. In some countries, anyone who wanted to make money went into the public sector and the state became an instrument of private entrepreneurship — or, putting it bluntly, plunder.

In other countries, where there were tighter controls on large-scale corruption, the state ran into the opposite problem. "If you want a large state-owned economy you need high-level bureaucrats and pay them accordingly," says a World Bank expert on Africa. "But we find companies with a turnover of $1bn which pay their managers an annual salary of $500.

Other political problems stem from the attitudes of the workforce and the public. Many state enterprises have turned into "employment agencies," particularly for the urban middle classes, who can find few employment opportunities in the underdeveloped private sectors. The economic damage is twofold: the public sector's payrolls swell and vast numbers of expensively educated people are wasted in persistent underemployed and unproductive activities. At the same time, the enterprises' customers expect them to produce low prices and special subsidies in the "public interest."

Such pressures from their own employees and the public, have made it difficult for governments to respond to the financial burden of the state companies simply by raising revenues or cutting costs.

recent study for the U.S. Agency
recent study forthe U.S. Agency for International Development put it, "was to reduce or get rid of the millstone of money-losing enterprises." But in advising governments on ways of doing this, World Bank, U.S. and IMF officials have been stressing another even more important aspect of the public enterprises: their true economic costs. This approach has generated a rather different attitude to privatisation from the one seen in Britain and other industrialised countries.

Professor Elliot Berg, a senior consultant on privatisation to both the World Bank and the IMF, has argued strongly in internal papers and public speeches that the greatest economic loss stems not from the overmanning and financial deficits of public enterprises, serious though these are, but from the inhibiting effects of public monopolies on private economic activity.

There is little economic benefit, he stresses, in "selling

There is a genuine danger of monopolisation

public enterprises if the only way you can get people to buy them is by offering a set of monopoly privileges against the interests of society." Some recent privatisations in the Third World have caused serious reservations for this reason, as they have in Britain.

In Sierra Leone, for example, a single Lebanese family acquired extensive trading concessions, including even temporary control over most foreign exchange dealings, to the deep displeasure of the IMF. In neighbouring Togo, the government has appointed a respected businessman to be the Minister for State Enterprises and has asked the World Bank for advice on "clearing up the mess" of 64 state enterprises. But in privatising its national steel mill last year to an American metal trader, Mr John M. Moore, Togo has offered a ten-year import protection guarantee which appears to conflict with some of the most important prescriptions of the Bank.

Dilemmas like this arise in one developing country after another; for the grim reality is that many public enterprises have no hope of ever achieving financial viability in a competitive environment. In Africa particularly, many of the public manufacturing companies are "the heritage of past mistakes, the debris of decisions which should never have been made," Mr Berg says.

Public natural resource companies, which could attract foreign investment even where the domestic private capital is lacking or non-existent, pose another difficulty. Mr Berg recognises that nationalist sentiment and the impact of private ownership on the domestic distribution of wealth will confine privatisation to a "modest" role.

This is why he and other officials regard the sale of state-owned assets as only a minor part of their campaign for privatisation in developing countries. It is in the provision of services that the greatest potential for privatisation exists.

The World Bank and the U.S. Agency for International Development have identified marketing, agricultural services and transportation as activities where privatisation would yield the greatest benefits, although other areas, including even health care and education, are considered to have significant potential.

Privatisation in this context need not mean the sale of public assets or the transfer of existing state marketing boards into private hands.

Rather, it means the abolition of regulations which prevent private operators from competing with the state in such key activities as marketing of agricultural produce, supply of fertilisers, trucking and urban public transport. By keeping private merchants and entrepreneurs from such areas, governments in developing countries have arguably imposed even greater costs on their nations than by maintaining inefficient state enterprises.

Legalising private minibus services in 1973 has led to savings and improvements in public transport in Nairobi and private truckers have proved far more effective in supplying remote farmers with fertilisers and carrying their produce in a timely fashion in Tanzania than the state transport company. The abolition of state monopolies over agricultural marketing in many African countries is a key element in almost all modern prescriptions for economic revival.

In a great many countries, however, these messages are going unheeded. State monopolies were frequently created for powerful political reasons. Notonly are there pressures for jobs from urban middle classes. There is racial hostility to merchant classes doinated by ethnic minorities like the Asians in East Africa, the Lebanese in West Africa and the Chinese in South East Asia. Finally, there may be well-founded fears of what Mr Berg calls "capitalistic exploitation by monopolists."

Most economists agree that there are genuine dangers of monopolisation in the underdeveloped markets of the Third World. Even officials in the Reagan Administration agree that there is frequently a case for state supervision and involvement in key parts of the economy. But, as one such official says, "our job now is to convince these governments that they can still control what's going on in their economies without actually having to own and run every bit of it."

Men and Matters

Wedd business 'as usual'

Sir Timothy Bevan, chairman of Barclays, "just happened" to have a small statement at the ready yesterday when he was asked at the interim results Press conference about the mass defections from Wedd Durlacher, the jobbing firm Barclays is buying for nearly £100m.

Puffing on his ever-present pipe, he said it was all regrettable, naturally, but Barclays respected people's right to freedom of choice. And anyway, Wedd had 90 partners so the recent departure of seven of them did not have a big impact on the total.

Meanwhile, Wedd had moved swiftly to repair the damage and "business continues as usual." Barclays was determined that its alliance with Wedd and de Zoete and Bevan, the stockbrokers, for the City Revolution would "come to the starting line as clear favourites."

Barclays could now withhold money due to the departing partners for their share of the business. They sacrificed their right to it by leaving early; but Barclays has decided to plough it into the business instead. Sir Timothy would not say how much it was; probably a few million pounds.

On the more touchy question of whether Barclays intends to sue the defectors for breach of contract, Sir Timothy said that this was not a matter for Barclays—which still owns only 29.9 per cent of Wedd, though that will rise to 75 per cent. Instead, he said it was up to the general partners of Wedd.

But is that really so? When I called Wedd to see what they intend to do, I was told that all queries were being referred. . . to Barclays.

"The BBC have just promoted George—he's now Head of Banned Documentaries"

Money's worth

Clive Thornton, former head of Abbey National and the Mirror Group, had things to get off his chest yesterday. As he announced his chairmanship of a new trust to run Thamesmead, the London housing development, he was asked how much he would be paid for his services.

"Nothing at all," he said promptly. "I don't believe the best people are necessarily those who want more and more money all the time. We've heard enough about salaries for top people — there's not enough leadership by example in a country with this level of unemployment."

Thornton's strictures are not confined to the public sector. "How can anyone be worth half a million?" he said. "When I took the top job at Abbey National, the salary was £50,000. I said I'd do it for £25,000. When I went to the Mirror, my contract said £65,000 for a maximum of three days a week. I changed that to a minimum of three days.

"When I arrived in London at 23, I had nothing but a change of clothes. Everything I have had since has been the result of opportunity. When you arrive at the top, you should give something back. If I give something back to Thamesmead, it's long overdue.

"In relation to me," Thornton concluded, "you should read Matthew VI, 1-18." That is the bit, readers will recall, which goes "when thou doest thine alms, do not sound a trumpet before thee."

Broking ground

After a three-year spell in merchant banking with English Association Trust, Roddy Macleod, former joint partner of now defunct Carr Sebag, is returning to stockbroking.

But despite his wide experience of international stock markets, Macleod, 46, will settle near home in East Anglia where he will establish a regional office for brokers Vivian Gray.

"I had spent the best part of 20 years in the institutional melee," he says, "and when we had a to wind up Carr Sebag, I had had enough."

Macleod, who joined the Stock Exchange in 1965 and was in charge of the institutional equity desk at W. I. Carr until the merger with Sebag in 1979, did not find merchant banking to his taste, however.

"So when I decided to come back into broking, I thought I would look for a different kind of challenge outside the City." The creation of the giant City firms will lead to a fragmentation of private client business, he believes. And that should provide plenty of scope in East Anglia where, he says, there are also a lot of small businesses in need of corporate advice.

Macleod's ideas square fully with those of Vivian Gray's partners who already have offices in Hereford, Tiverton and Truro, and plan to open others this year in Cheltenham and Salisbury. The firm's financial services operation, in addition, is run from Helston in Cornwall.

A new computer system will link branches with the City HQ by the end of the year.

Gray's Douglas Gordon tells me: "With all the devleopments in the City at the moment, we believe a localised and more personal service could be a very valuable asset."

House-hunting

Ronald Reagan is probably safe in the White House for a little longer—but a Spanish family has designs on the property.

The Perez Altolaguirre family, from Estepona, on Spain's southern coast, is reviving its claims to land bordering Washington's Pennsylvania Avenue which, it says, was owned by an ancestor who was Spanish ambassador to the newly-fledged nation.

Family spokesman, Juan Vicente, claims that there was no proper register of property, and Pierre-Charles L'Enfant who planned the city did so without being aware that the land was already owned.

Juan Vicente admits that the legal procedures will be "quite difficult" but plans to search libraries in Spain for documents proving ownership of the land on which the White House stands.

The family tried to press its clai min the early 1900s. But a lawyer it sent to Washington spent the family funds on the city's night life.

Short

My story about the hard-up schoolboy has prompted another from a reader.

A son away at school sent a telegram to his father, "No mon. No fun. Your son."

He received the reply, "How sad. Too bad. Your Dad."

Observer

Sanctions: why the stakes are so high for Britain

By Michael Holman in London and Jim Jones in Johannesburg

FOR THE first time since South Africa's National Party took power in 1948 the prospect of economic sanctions against the republic is likely rather than improbable, with the U.S. and France leading the way. But were such a drastic step to be taken, Britain has more to lose than anyone.

Mrs Margaret Thatcher, Britain's Prime Minister, has declared unequivocally that she will not countenance any such measures. But Mr Neil Kinnock, Leader of the Labour Party, has made it equally plain that he will.

At stake are British investment in South Africa, direct and indirect, worth some £11bn, and an export market last year of £1.2bn. Mr John McQuiggan, director of the United Kingdom South Africa Trade Association (Uksata) hammers home the extent of the ties: "It is Britain's 12th largest export market, represents between 7 per cent and 10 per cent of total overseas investment, and some 400 groups quoted on the London Stock Exchange have one or more South African subsidiaries.

"Britain has more at stake than any of our European partners or the U.S."

But even if there is no early change in official British policy, UK companies with South African interests may find themselves vulnerable through consumer action both at home and abroad.

Last March supermarkets importing South African products (fruit, canned fish and corned beef, clothing) found themselves the target of a boycott, and other retailers—Richard Shops, Fenwicks, Austin Reed—are now being singled out by the Anti-Apartheid movement because of their imports of South African footwear and clothing.

In Africa itself there are so far no signs of a boycott of British imports and services, but some African diplomats believe that could in time change—and possibly be an issue at the forthcoming Commonwealth heads of state conference in October.

Such a threat would once have seemed hollow. Weak African economies have little apparent leverage, but as Western opinion of sanctions changes and the U.S. itself moves towards selective measures, leaving Britain increasingly isolated, a policy of discouragement (by giving preference in government tenders to non-UK firms, for example) becomes at least conceivable.

The weapon is not insignificant. Nigeria (which in 1979 nationalised BP's assets in the country in protest over Britain's handling of Rhodesia's illegal declaration of independence) imported £768m from Britain last year, and several major British companies operate in both Nigeria and South Africa.

British company involvement in South Africa is pervasive. The two banking groups, Barclays National and Stanbic are the two largest banks in the Republic. The London headquartered Consolidated Goldfields has a more than 40 per cent share in Gold Fields of South Africa, which produces about a quarter of the country's gold. Rio Tinto manages the Palabora copper mine, and Rossing, the uranium producer in Namibia (South-West Africa). Lonrho controls Western Platinum, and BP and Shell both have coal-mining operations which between them account for 10 per cent of the country's coal exports.

Household names in the insurance industry include Legal and General, Prudential, Commercial Union and Norwich Union. In pharmaceuticals Smith and Nephew and Boots are prominent. In rubber products BTR has a substantial part of the market.

According to Uksata almost 10 per cent of all British overseas direct investment is in South Africa, with a market value put in 1982 at £5bn. There is also, Uksata points out, substantial indirect investment (mainly through portfolio holdings), Researchers at the Anti-Apartheid Movement and the UN Centre against Apartheid, compiling a study of trade and investment links, broadly agree with Uksata's calculation that direct and indirect investments come to at least £11bn, representing 40-45 per cent of total foreign investment in the Republic.

Britain's total gross income from South Africa, says Uksata, was around £3.5bn in 1982. Visible exports currently run at £1.2bn a year, invisibles—investment income, insurance, services, profits and dividends, shipping — are calculated at £1.3bn, while a further £350m is earned in re-exports of South African diamonds and gold from Britain. (The world rough diamond market is effectively controlled by De Beers' Central Selling Organisation with its headquarters in London; the Bank of England is the agent for most of the Republic's gold sales).

Thus far Uksata and anti-apartheid researchers remain in broad agreement. Where sharp differences emerge, however, is over the impact on jobs in Britain from a total trade embargo.

The former, citing a mid-1970s survey of British companies in South Africa—around 600, according to a UN study—asserts that up to 250,000 jobs could be lost. Barclays, with a 50.4 per cent shareholding in Barclays South Africa, which in turn has a major share of the Republic's banking business, claims that UK-South Africa trade "provides 150,000 jobs" in Britain.

The Anti-Apartheid Movement researchers disagree, claiming that the loss could be as low as 10,000, arguing that companies would adapt and find new markets.

It would be impossible to establish an accurate figure. The chief executive of one major UK engineering company which employs 11,000 workers in Britain estimates, for example, that the South African market is worth 300 jobs—and claims that if trade was cut his South African subsidiary would retrench 2,500 workers, most of them black.

What is clear is that the ties extend through most sectors of the UK economy—banking, engineering and electrical equipment, computers, machinery—and the links are actively reinforced by the British Overseas Trade Board. Four British trade missions have visited South Africa this year alone, and the board supported 84 such missions between 1977 and 1982—disproportionately higher than any other market of equivalent size, even outside Africa, says a UN report.

"Each trade agreement, each bank loan, each new investment is another brick in the wall of our continued existence," said the late John Vorster, then Prime Minister in 1972 and despite the go-it-alone current mood in South Africa, that is probably as true today.

British banks have been providing several of those bricks. A recent study by an anti-apartheid organisation, End Loans to South Africa, identified new loans worth $2.44bn from 202 banks in 1982-84, with UK banks, led by Hill Samuel, playing a leading role and involved in nearly half that amount. Of the total assets of South Africa's top 20 banks, says the report, 62.3 per cent belong primarily to foreign-owned banks of which the two biggest are Barclays and Standard Chartered, which make substantial contributions to parent company profits—14 and 20 per cent respectively in 1982.

British companies also play a major role in strategic areas of the South African economy—fuel, military equipment and computers.

AECI, an associate of ICI, has been working on another oil-from-coal project, Castrol is contributing to South Africa's capacity for specialised oil products, while Perkins Diesel is contributing to a R260m plan near Cape Town which will produce diesel engines and end South Africa's dependence on foreign suppliers.

Although there has been a UN arms embargo since 1977, anti-apartheid researchers argue that British supplies of equipment play an indirect role in South Africa's military capacity. These strategic ties are likely to come under greater criticism from the anti-apartheid lobby.

It is pressure from customers both in the British high street and in the Commonwealth rather than the prospects of selective or broader sanctions, which will make companies reassess their links with South Africa.

But foreign investors find pulling out a less-than-painless process, despite the fact that South Africa which abolished the financial rand in 1983—so far—has not re-imposed foreign exchange restrictions. "We have become currency hostages," said one investor ruefully as he surveyed a week in which the rand has steadily fallen.

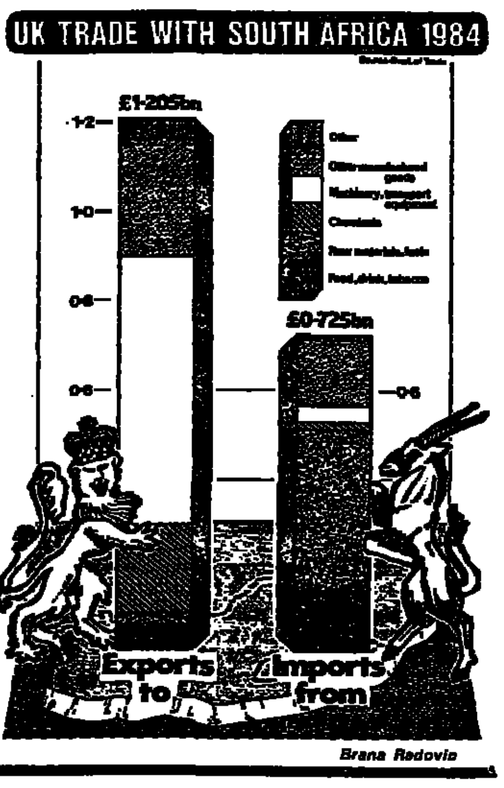
There are several reasons why disinvestment is unattractive. As one broker in Johannesburg put it: "First, who would buy? Second, what Rand price would be paid, given that the foreign controlling shareholder might be seen as a forced seller, and also taking into account the fact that interest rates are high and profits have been hit by the recession?"

Although many companies have been badly affected by the recession, and their distributable earnings have fallen, several leading companies have maintained their Rand-dominated dividends—Metal Closures and Barclays National Bank are two recent examples.

Rather than pull out of South Africa, several British (and U.S.) firms have decided to maintain their presence but not contribute additional expansion capital needed by their South African offshoot. An example here is Standard Chartered. It did not follow a rights issue by Standard Bank Investment Corporation (Stanbic), its South African arm. Instead, Standard Chartered renounced its rights in favour of a South African insurance group, Liberty Life. The move ties Stanbic more closely to Liberty which should improve Stanbic's profit potential.

It may well turn out that company and investor response to the South African crisis owes less to the prospect of sanctions than to complex calculations about the future strength of the Rand, the profitability of the market and the difficulties of disinvestment. This raises a further issue. "We are reaching the point where although we get 10 per cent of our profits in South Africa, it's taking up 50 per cent of our boardroom time," one U.S. company executive has observed.

It is this "hassle factor," with all the economic and political uncertainty which is likely to have an impact long before sanctions—if adopted—begin to bite.



Brana Radovic

MAJOR BRITISH COMPANIES

Figures in £m	Total assets	Net profits
AECI*	1,086.9	144.4
Metal Box†	493.2	51.3
Blue Circle†	410.2	29.9
NEI Africa*	168.1	11.7
Dunlop	167.5	18.3
Barclays	8,830.0§	
Stand. Chartrd.	7,880.9§	
Hill Samuel	185.4§	
Legal and Genl.	1,500.0	
Prudential	1,388.1	
Comrcl. Union	491.7	
Norwich Union	334.0	

Figures for year to end of 1984 except * to end-1983, † to end-September 1984, ‡ to November 1984. § Deposits. Source: Financial Mail.

Lombard

Trade barriers for reporters

By Jurek Martin in Tokyo

A LEAST we journalists who report about trade friction with Japan had the luxury of some distance from the 1,001 individual bones of contention we must cover. After all we are not British merchant bankers, or American telecommunications suppliers or Canadian plywood producers. We can even afford to be critical of some of the arguments of American lawyers or European confectioners or those who turn out boneless chicken in Thailand. We tell ourselves that we are being fair and objective to both Japan and its critics from foreign private and public sectors and in most instances we probably are. But, in the back of our minds we have had the consoling sense that our ox, the information business was not being grievously gored.

Honesty requires confessing that this may no longer be the case. For all its overt commercial orientation, the "opening up" of Japan has more far reaching ramifications. It has transformed Japan into a country of genuine and general interest to the outside world, and not merely the preserve of a smallish coterie of specialists and Japanologists. It is an adjustment process that is now proving painful for those, foreign and Japanese, who are in the business of making and reporting news.

Last week proved the point perfectly. On Tuesday, Toyota made an extremely important announcement of indisputable international significance—that by 1988 it would be producing cars on its own account in the U.S. It did so at a Press conference in Tokyo to which not merely were foreign correspondents not invited but from which, after strong protests, they were actually barred. Toyota chose only to acknowledge the existence of the domestic "Press club" which covers the car industry—and which admits no foreign reporters.

Toyota's secretiveness is a byword, but the Ministry of Finance, the architect of Japanese liberalisation, had appeared to be opening up a lot. With mandarins as good as MOF's, the only surprise was that it had not been earlier. But this process, too, seems to have come to a a juddering halt. Twice in the last two months, the Ministry and its captive "Press club" have conspired to frustrate proper foreign (but not domestic) reporting of notable events in the liberalisation saga.

Relations between Japanese ministries and companies and the domestic media have long been close. The modus operandi is the Press club system—400 of these Westminster - type lobbies exist—by which the Press reports, reliably and generally faithfully, what it is told to, regardless of whether the information be accurate or, on occasion, deliberately misleading.

There are Japanese companies and institutions which have shown themselves alive to the opportunities (and the pitfalls) of disseminating news more widely. Toyota's industrial opposites are Nissan and Mazda, though neither is in Toyota's competitive league; MITI these days is singularly outgoing, but perhaps because it is trying to match MOF's clout; individual Japanese journalists can be extremely helpful to foreign correspondents, though not while wearing their press club hats.

But these remain more the exceptions than the rule; and, as Japan becomes more newsworthy to the world at large and as more and more foreign correspondents are based here, the exclusivity is beginning to irk.

As in commerce, many of the barriers to a freer flow of information cannot be broken down overnight. In any case, Western correspondents could probably not take on the obligations, in terms of time, money and organisation, attendant on membership in the press club system. The indirect and oblique way in which the Japanese convey news will always remain a source of frustration to those from different cultures: indeed, Prime Minister Nakasone's external esteem reflects in part his relative straightforwardness.

But all these are refrains only too familiar to those in international finance and commerce, who may smile on learning that the foreign press here is now petitioning for "market opening" measures of its own. We, too, have joined a club.

Letters to the Editor

International league

From Mr J. Bellak

Sir,—Both Anatole Kaletsky (July 25) and Robert Oakeshott (July 29) miss the principal point to be considered in relation to the pay of top executives.

The market place for the really successful 30 to 50 year olds, and particularly so where their expertise is in the financial services field, is now international, at least among the major English speaking portion of the developed world.

Consequently rewards have to be competitive, and it is only in the last couple of years that these rewards in this country both pre- and post-tax have begun to become in any way comparable with their international equivalents, though still way beind North America.

Inevitably, sooner or later, this has to be reflected in widening of differentials and recognition of reality in the upper echelons of government.

I hasten to say that I remain unaffected by recent events in this field!

J. G. Bellak.
Tittensor Chase,
Chase Lane,
Tittensor, Staffs.

Mad—and proud of it

From Mr M. Beales

Sir,—You record (July 31) that a 21-year-old bond dealer has had her pay raised from £21,000 pa to £50,000 pa ("Her parents must think the world has gone mad," mused the head hunter). At the same time the Chancellor of the Exchequer was saying, yet again, that the UK's fundamental problem lay in the failure of wages and salaries to adjust (ie, fall) in with market realities. Meanwhile, the Prime Minister was saying on TV that top salaries in the City and industry "fair make one gasp, they are so large."

All this just a few days after the uncritical acceptance by the Government of the Plowden Committee's recommendations. The Prime Minister's gasps were not critical, but admiring. What she, and perhaps others, fail to understand is that the implementation of Plowden in these circumstances has built for all to see a clear link between City absurdities and the workaday world of ordinary people. The Government is not worried about 21-year-olds getting £50,000 pa. On the contrary it argues that ludicrous figures of this nature should condition pay for select groups in the public sector (many of whom will be embarrassed as they pocket the loot). But the Government continues to be deeply critical of school teachers and others in the public sector seeking to raise what most people accept are miserable salaries.

Restraint and reasonableness are through the window. The scene has been set for a pay explosion. As we feel the blast let us not forget that the responsibility lies in Downing Street and Treasury Chambers.

Michael Beales.
6, Bigwood Road, NW11.

Sugar and the consumer

From the UK Buying Director, United Biscuits (UK)

Sir,—From his experience on the board of the British Sugar Corporation, your correspondent (July 27) Mr T. Rodgers, must know that the EEC's massive sales of bulk sugar on the world market have done much more damage to the earnings of developing countries than would the crumbs of justice for which sugar users are calling.

Last week's announcement that the EEC Commission wants to increase its taxes on internal Community sugar consumption is a very good example of what your other correspondents have been complaining about. These "producer levies" are a charge on the consumer. The producer merely acts as the Commission's tax collector.

J. H. H. Bradbury,
Syon Lane,
Isleworth, Middx

Off-the-shelf aircraft

From the National Organiser, Aerospace, Technical, Administrative and Supervisory Section, Amalgamated Union of Engineering Workers

Sir,—Clive Hunting's letter (July 31) from the Society of British Aerospace Companies is very timely and we support it wholeheartedly. The debate around the European Fighter Aircraft is not dissimilar to that which took place over the A320 Airbus development "shall we, shan't we." Why must we go through this absurd ritual each time.

Thousands of jobs in Britain's aerospace industry depend on a European fighter solution, sixteen thousand alone in the north west. The aerospace industry is one of the very few in Britain which could help regenerate our ailing manufacturing base. It is at the leading edge of technology and innovative developments and should be setting the pace for the future.

Mr Heseltine has only one choice, that is to go ahead with a collaborative programme. Indications are that this is highly likely now—probably without the French who have different defence requirements to ourselves—with the Germans, Italians and the Spanish.

In addition, there are possibilities that other nations could be interested in joining a collaborative programme. Especially those who have built F16s in the past, such as Belgium, Norway and Denmark.

The solution is there and the Government must be convinced to take it and not, as has happened all too frequently of late, desert British manufacturing industry and the thousands of workers within it, to buy someone else's products off the shelf on the basis it is cheaper. Cheaper for who?

C. Darke.
Onslow Hall,
Little Green,
Richmond, Surrey.

Aluminium prices

From the Secretary, Aluminium Stockholders Association

Sir, — The article headed "Aluminium prices slide" by Ian Rodger (July 26) gives a somewhat misleading view of this industry's scene.

It is true that some aluminium sheet prices have been reduced by Alcan, mainly in response to competition from Eastern European producers, but the new prices are only effective for deliveries from the end of September onwards. Since the sheet market is almost exclusively handled by distributors who are still stocked with metal purchased at considerably higher prices, it is unlikely that there will be any significant drop in sheet prices in the short term, since stockist selling-out prices usually are based on average value of stock held.

Aluminium sheet is a commodity, sensitive to international currency movements and the level of activity in the U.S. market, and as such cannot be considered in the same light as most of the other aluminium products stocked and sold by members of this association. These products include plate, thick sheet, extrusions, machining bar, aerospace alloys and tube, and there are no indications that producers in the UK or Europe are about to reduce prices of these in line with the recent movement in limited commercial sheet. Most producers report good order books for these products, which are not generally offered by the Eastern Europeans, and the major European producers do not generally react to short-term currency movements, whether upwards or downwards.

A. Glover.
32-36, Station Road,
Gerrards Cross, Bucks.

A rose of England

From Mr J. Bingham.

Sir,—Lord Killearn (July 26) wrote in praise of the "new" pound coins. He mentions three coins, one first struck in 1983 with the Royal Arms of England, the other two with Thistle and Leek patterns for Scotland and Wales respectively and I believe one is to be minted for Northern Ireland. The 1983 coin does not particularly represent England, it is a UK coin. Can I enter a plea for an English pound coin with a rose on it and suitable motto on the rim?

Why is it that England seems to be left out of regional matters in the UK? No English coins, except the shilling some time ago, no English regional postage stamps, very little flying of the English flag, etc.

J. Bingham.
4 Russell Drive,
Ampthill, Beds.

Boots, soldiers for the use of

From Col P. Sincock

Sir,—Boots are items of very considerable interest to soldiers—and particularly to infantrymen such as myself. Your Defence Correspondent's article (July 30) on the shortcomings of the Boot, Combat High Mk 1 and the announcement of its forthcoming replacement by the Mk 2 is good news indeed.

I must, however, inquire about the source of her information in the last sentence of her article. Not even the Top Salaries Review Body could recommend increases sufficient to allow officers as a matter of course to "have their footwear made for them." If we did, it would no doubt revitalise the bespoke boot-making industry of St James's, but I fear that the average officer just gets his from the Quartermaster. Unlike the soldiers, the officer has to pay the going rate.

(Col) Peter Sincock.
Ministry of Defence,
Whitehall, SW1.

FINANCIAL TIMES
Friday August 2 1985

CAPITAL MARKET LIBERALISATION FOUNDERS ON INVESTORS' TRADITIONAL RESERVE

Germans see no profit in novelty

BY JONATHAN CARR IN FRANKFURT

WHATEVER happened to that much-touted, dynamic new West German capital market? The question may well flit through the minds of those who glance at the new schedule of D-Mark foreign bond issues for August.

From eight issues with a modest total of DM 1.5bn ($535m), seven are of the heavily traditional kind and just one of DM 500m offers the novelty of variable interest rates. There are no zero-coupon bond issues and no double-currency ones either (e.g. issue and interest payment in D-Mark, with replacement in dollars).

Yet since May 1, the Bundesbank has given the green light to those and other financial innovations, to help German markets face the international competition – especially from London.

There are several points worth making – the first psychological. Germans tend not to be people who pounce with devil-may-care enthusiasm on novelties (especially not on those involving money). They look cautiously and examine from all angles, muttering "better safe than sorry." The message from the newly liberalised market is, broadly, that they are still looking. Virtually everything has now been tried, and the interim judgment is that while zero-bonds and floating-rate notes have a bright future, the double-currency instrument will be treated with a lot more circumspection.

As to the modest market volume, that is no bad thing at present for German nerves. There were some fears that the financial innovations, combined with the simultaneous demise of the capital markets subcommittee, which used to set the issue calendar, might mean overburdening and unsettling the market. Issues now merely have to be notified to the Bundesbank, the central bank.

It looked as though those worries might be partly justified, when the Bundesbank announced the foreign D-Mark issue schedule for May – liberalisation month number one – with an indigestible-looking volume of DM 5.04bn. But since then, much smaller sums have been announced – DM 2.86bn in June, DM 1.83bn in July (and not all of that fully realised).

The second point has nothing to do with psychology, everything to do with tax. Floating-rate notes are subject to the *Börsenumsatzsteuer* – the stamp duty charged on the purchase of securities traded in the market.

The levy means that trading in the notes is hardly profitable in Germany at all – hence the inelegant expression of the "Londonfurter", meaning floating-rates notes issued in Germany and traded in London. The obvious course to resolve that slightly absurd situation would be for the Government to abolish the tax – not just on floating-raters but on other securities, too.

The Bundesbank has asked Dr Gerhard Stoltenberg, the Finance Minister, to do just that – noting that, after all, the tax only brought him around DM 340m last year, or 0.2 per cent of total revenue. Dr Stoltenberg sees the point very well, and proved his goodwill last year when he abolished the coupon tax that foreigners used to have to pay on the interest they received from German domestic bonds.

But then he is surrounded by colleagues complaining that he is too inflexible in his policy to cut government borrowing. He evidently fears that if he gives way on *Börsenumsatzsteuer*, the pressures on him to be "liberal" in other respects will rise, too.

A compromise may yet be found, however, because the tax not only means an anomaly on floating-rate notes but seems to stand in direct contradiction to the Government's expressed wish to encourage development of the stock market.

Apart from clearing up problems connected with the financial innovations already announced in the May liberalisation package, yet another novelty (for the Germans) may soon be on the way. So far the Bundesbank has not permitted the use of Certificates of Deposit (CDs) but it is now re-examining its position and will probably take a decision, one way or the other, in the autumn.

There are two main difficulties. The first is that CDs, as bearer bonds issued by the banks, would not be subject to minimum reserve requirements (i. e. the funds the banks are compelled to deposit interest free with the Bundesbank, and which – in principle, anyway – help the Bank control monetary policy). On the other hand, time deposits, the clear competitor to CDs, are subject to minimum reserve rules. That anomaly would have to be removed somehow before CDs were permitted.

One way, of course, would be to abolish minimum reserve regulations altogether, but no one really expects the Bundesbank to throw anyway so apparently important a weapon in its armoury altogether. Hence the debate centres on what modifications can be made, and whether they would involve a change in the Bundesbank law (on which there are differences even among lawyers!)

The second difficulty – or at least question – is who wants CDs? Not really the big German banks, with their huge branch networks, and army of time depositors. But they could be useful to banks without wide access to such deposits – for example, to the subsidiaries of foreign banks incorporated in West Germany. But does the real demand for CDs make the efforts involved in permitting them worthwhile?

While the German banks welcome the broader choice of financial instruments now available to them, in principle they face tougher competition from foreign banks in Germany that since May have been allowed to lead-manage D-Mark foreign bond issues. So far, such competition has not proved daunting.

There has been only one example of foreign lead-management so far, and that was last month by CSFB-Effectenbank (formerly Effectenbank Warburg, recently taken over by Credit Suisse). But that was an issue on behalf of the Credit Suisse group itself so it hardly counts. There are none the less some signs that CSFB-Effectenbank may yet be the first in the field on behalf of an external client!

No doubt other foreign banks will move in too, but the domestic institutions seem to have little cause to be nervous. One senior U.S. banker modestly described the likely impact of foreign lead-management competition as "like gnats buzzing around German heads."

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Japan set for new strain with EEC over copiers

By Ivo Dawnay in Brussels

TRADE relations between the EEC and Japan, marginally improved by Tokyo's market liberalisation measures this week, seem likely to deteriorate today when the European Commission is expected to announce an anti-dumping investigation against photocopier imports.

Reports of a study unleashed a fury of lobbying by Japanese interests in Brussels this week. The announcement of an inquiry is expected in the Community's official journal today.

According to European manufacturers, the Japanese share of the $1bn EEC market has leapt by 185 per cent since 1980, with units sold rising from 188,000 to 535,000 last year.

They say that in the first quarter of this year Japanese sales increased a further 25 per cent, giving Japanese imports nearly 85 per cent of the market against 50 per cent five years ago.

The Committee of European Copier Manufacturers, which lodged the protest, said the increase had been achieved by "significant," though apparently unspecified, dumping margins if domestic Japanese prices were compared with those charged in the EEC.

The impact on the Community industry, it said, had been to cut European producers' market share from 28 per cent to 18 per cent at the end of last year, forcing 10 manufacturers out of business and cutting employment in the industry by 20 per cent.

The competition from Japan is said to have severely reduced profits in a business that requires high returns to finance heavy research and development costs.

Whatever the justification or otherwise for the new dumping investigation, Japan is expected to react with hostility. The move is certain to be interpreted as part of a new aggressive EEC policy towards Japanese products already manifested this summer in actions against imports of typewriters and mechanical excavators.

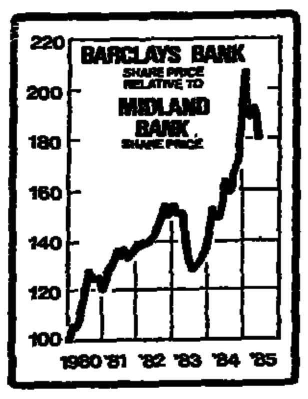
Earlier this month, the Council of Ministers rejected an offer from the Japanese, clearly acceptable to the Commission, to raise their prices on excavators. The ministers underlined their refusal to accept this compromise was in part because of the state of trade relations with Japan – an overt introduction of politics into a normally routine technical process.

The photocopier investigation is expected to take longer than usual – perhaps as much as a year – as 13 Japanese companies are involved in exporting to more than 50 European importers.

If the complaint was accepted, provisional duties would be applied for four months, with a possible four-month extension until permanent countervailing tariffs were agreed by ministers. Alternatively, a satisfactory pricing arrangement could be established between Japan and Europe's manufacturers allowing the action to be called off.

THE LEX COLUMN

Better odds for bankers



With four clearing banks to choose from, investors have never been short of switching opportunities. This week, contrasting results from Barclays and National Westminster look set to provoke one of the sector's periodic swings of fashion. Compared with the slightly wobbly figures produced by NatWest earlier in the week, Barclays' 40 per cent increase in first-half profits to £431m was bound to go down well. Coming out side by side with a still-depressed total from Midland – which made just £151m in the six month period – Barclays looked all the more impressive.

Although Midland remains an investment tailored for recovery funds with a high risk tolerance – on a yield of 9.7 per cent – its trading performance is probably now a good deal better than it appears. A high tax charge – and the absence of last year's minority help in absorbing Crocker's losses – mean that earnings per share have actually fallen. Yet operating profits across the group are 29 per cent higher, and even after much higher provisions for bad-debts the dividend should be covered twice over, which is at any rate a 100 per cent improvement on last year.

That still leaves Midland as the poor relation among clearers. The more cynical in the market have interpreted its new policy on bad debt provisions as the willingness to provide when there are the profits to pay for it; the certainty that there was under-provision in 1984 makes for a suspicious reception of today's more rigorous reserving. But it is also possible to be more charitable, and see Midland as emerging from its rockiest times, its dividend no longer under threat, and with a real prospect of earnings growth in the next couple of years as Crocker gradually generates the earnings to soak up its tax losses and brings the group tax charge down.

At the other end of the street, however, Barclays should be accelerating away from its own period of recovery. Except in the unprofitable U.S. branch network, Barclays' operating performance this year has been everything that the market could reasonably ask. Overheads have been contained and domestic banking has evidently been highly profitable; the game against Nat West – in which Barclays has allowed its rival to go after the finer-margin lending – has so far run Barclays' way. Having fallen behind NatWest in total profit last year, Barclays is set to recapture first place, by some margin too. It will be strange if NatWest can also retain the slight edge in market rating – perhaps a half-point of prospective yield – which has lately come its way.

Mallinson-Denny

Had Unilever acquired Brooke Bond a few years ago, it might very well have consigned the Mallinson-Denny subsidiary to its voluminous bits and pieces division and left it at that. But then Unilever would scarcely have entered a contested takeover to buy a public company until recently, so it is only logical that the zeal with which the group acquired a core business should be matched by a determination to clear out peripheral subsidiaries.

So far this year, Unilever has been far more active as a seller than as a buyer. MacFisheries, Norfolk Line, Nairn International and a host of little UACI companies have disappeared from the group portfolio. The wonder is not that Mallinson-Denny is following – Unilever has never pretended to be interested in timber – but that the sale has taken so long to put together. Baxters, the butchers' chain acquired with Brooke Bond, survived little more than a month under Unilever ownership.

Baxters fetched £24m so, taken together with the £90m which Unilever expects to raise by selling the bulk of M-D, the group will have recovered 30 per cent of its Brooke Bond outlay in just under a year. And it will hardly be complaining about the price. The parties to the buyout are paying a premium of roughly 50 per cent to net assets and a likely multiple of at least 12 times last year's earnings. The new company will be highly geared – equity of £22m will support debt of almost £70m – and in a poor year interest cover will be precious thin.

But a debt/equity ratio of 300 per cent is almost humdrum by management buyout standards and the company will enjoy the support of a powerful array of institutions. Unilever retains the Mallinson-Denny interests outside the UK and Eire but, to judge from its present strategy, offers for those would be given serious consideration.

City winners

The latest figures for the net overseas earnings of UK financial institutions give a good snapshot of who is up and who down in the City of London these days. Commodity traders are joining the dole queue and their earnings from overseas activities actually fell in sterling terms during 1984, despite a 5 per cent decline in the sterling exchange rate index. There are few golden handcuffs to be found in the insurance business either, and overseas earnings here are also under pressure.

But international fund management and security-type activities are a very different matter. Stock-exchange earnings overseas have doubled to £93m in two years, and although this is still a small proportion of firms' gross earnings of £800m or so, the overseas share is creeping up. It is probably understated, too, since purchases by London-based foreign institutions are not included.

In the banking sector, just about all the overseas growth is coming from portfolio income, which has jumped from £350m to £1.4bn in two years. This is in good measure a reflection of the so-called securitisation of the international financial markets, where traditional lending and deposit taking activities are increasingly being supplanted by the issuance and acquisition of marketable paper in all kinds of fancy guises.

According to the latest figures from Morgan Guaranty, the total amount raised last year by new international bond issues, including floating-rate notes, was more than double the sum raised through voluntary syndicated bank term loans, while in the first six months of 1985 the multiple rose to over three times. No wonder good bond dealers can name their own salary.

Nine-month profits at Siemens up 63%

By Our Financial Staff

A STRONG third-quarter performance enabled Siemens, the big West German electrical and power engineering group, to report a rise of 63 per cent in nine-month net profits.

Turnover increased sharply with billings for three atomic power plants providing powerful impetus to sales. Siemens was also boosted in the period by widening trading margins.

Net profits for the nine months ended June 1985 rose to DM 1.047bn from DM 642m a year earlier. Earnings amounted to 2.5 per cent of sales, improving from a 2.1 per cent average through 1983-84.

Sales rose 38 per cent to DM 41.3bn from DM 30bn. Domestic sales rose 67 per cent to DM 23.2bn while foreign sales improved 12 per cent to DM 18.1bn.

After the first six months of the year Siemens' after-tax profit was 56 per cent higher at DM 640m, suggesting a gain of 75 per cent in the third quarter.

At a recent press conference Herr Karlheinz Kaske, the chairman, predicted a rise of about 20 per cent in earnings for 1984-85 as a whole.

In the nine months, new order inflow increased to DM 40.9bn, a gain of 13 per cent from the year-earlier level.

Orders on hand, however, were 3 per cent lower at June, standing at DM 57.7bn.

Siemens said above-average demand was recorded for conventional power plant engineering and the automation groups, the medical engineering division and the communication and information systems groups. The electronic components division's new orders fell 4 per cent in the nine months, reflecting weakening chip markets.

Group capital expenditure and investment rose to DM 2.6bn, nearly doubling, against the DM 1.4bn spent in the first nine months of the previous year.

Superpowers make progress in Helsinki discussions

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT IN HELSINKI

THE CONFERENCE marking the tenth anniversary of the signature of the Helsinki Agreement on Security and Co-operation in Europe, which ended yesterday, has been more productive than most observers expected.

The clash between the U.S. and the Soviet Union over human rights and the American space weapons research programme duly took place, as widely predicted. It did not, however, escalate into a full-scale row, mainly because the Soviet Union decided to water down its response to the long catalogue of human-rights violations by Moscow, made public by Mr George Shultz, the U.S. Secretary of State.

It very quickly became clear that Mr Eduard Shevardnadze, the new Soviet Foreign Minister, had other fish to fry in Helsinki, namely an improvement in Moscow's relationship with the U.S. The endless speeches about the positive value or failures of the Helsinki Agreement almost became irrelevant as all eyes turned to the first meeting between the representatives of the two superpowers.

Their discussions were preceded by impromptu meetings at social gatherings and in the aisles of the conference hall, at which the two men exchanged pleasantries and elaborate little jokes, intended to reassure the world that things were not so bad as they sounded from their speeches.

SIR GEOFFREY HOWE, the British Foreign Secretary, confirmed in Helsinki yesterday that Mr Eduard Shevardnadze, the new Soviet Foreign Minister, had accepted in principle an invitation to visit Britain.

The result of their long tête-à-tête talks on Wednesday, which lasted three hours, has at least partly justified that impression. While there has clearly been no breakthrough on essential issues such as the Geneva nuclear arms control talks, Mr Shultz and Mr Shevardnadze at least managed to lay the foundations for what they hope will be useful discussions between President Ronald Reagan of the U.S. and Mr Mikhail Gorbachev, the Soviet leader, in Geneva in November.

The American and Soviet appreciation of what that meeting is expected to achieve remains very different, however. U.S. officials have emphasised that Washington is not looking for any great agreements at the summit, Soviet representatives have given the impression of being much more in a hurry.

Mr Anatoly Dobrynin, the Soviet ambassador to the U.S., has even spoken about achieving "maximum progress" at the Reagan-Gorbachev summit, which has been widely interpreted as meaning sufficient agreement to give a push forward to the Geneva arms talks.

The caution expressed in American quarters was echoed yesterday by Sir Geoffrey Howe, the British Foreign Secretary, after a 45-minute meeting with Mr Shevardnadze. "I think it very important that nobody should have unduly high expectations from any single meeting, at whatever level."

Both Mr Shultz and Sir Geoffrey found the new Soviet Foreign Minister to be a partner with whom they could do business in the future. Sir Geoffrey described his talks with Mr Shevardnadze as "relaxed, sensible and practical."

That practical sense was shown in a little noticed, but highly significant, passage in the speech made by Mr Shevardnadze to the conference. He said that to implement its vast social and economic development plans and raise the Soviet people's standard of living, the Soviet Union needed a durable peace in Europe and the world as a whole.

Unilever timber unit set for buyout

BY ANDREW ARENDS IN LONDON

UNILEVER, the international consumer products company, is to sell the bull of Mallinson-Denny, its international timber products subsidiery, to the management for about £90m ($126bn(.

The deal, expected to be completed within the next two weeks, is the largest management buy-on of a purely UK company.

Unileer will receive just under one third of the price in cash, with the remainder beint taken up in inter-company debt being assumed by Mallinson-Denny. Bankers Trust, the American merchant bank is lead manager for the deal, which involves a private placing of around £22m in new equity with institutional investors.

The buy-out involves the UK and Irish operations of Mallkinson-Denny, which is best-known for its chain of Malden timber merchants.

Mr David Lang, an analyst at Henderson Crostwhaite, the London stockbrokers, yesterday estimated the new company would have annual sales of about £220m. He added that, while part of Unilever, the company made around £10m inpre-tax profits in the last financial year. Net assets, he said, totalled around £60m.

Mallinson-Denny, which was taken over by Brooks Bond in 1981 for £62m, became part of Unilever when it in turn bought Brooks Bond for £389m at the end of last year.

The disposal forms part of Unilever's strategy of concentrating on its core activities – such as foods, detergents and perfume products – and disposing of peripheral companies. Recent disposals included Nairn, the manufacturer of floor and wall coverings for £30m, and Norfolk Line, the shipping group, for more than £20m.

Unilever shares closed up ⅛ at £10⅝. Mr Frank Andrew, who was appointed managing director of Mallinson-Denny when Brooke Bond took it over, will be managing director of the independent company.

Mr Gordon Bonyman, a vice-president of Bankers Trust said yesterday Mr Allen Sheppard, a director of British Rail and a managing directo of Grand Metropolitan. Would be non-excutive chairman of the new group.

See Lex

Bank profits up in UK

Continued from Page 1

Midland's profits in both its domestic and international business fell in the first half of this year, and the final result showed an improvement only because of the turnround at Crocker.

Mr Geoffrey Taylor, group chief executive, said of the prospects for Crocker, which Midland now owns 100 per cent following its buy-out of the 47 per cent minority two months ago, that he could not be optimistic about the economic situation in southern California, Crocker's main market. But he expected Crocker to show a profit in the second half of this year.

Midland confirmed that its 'free banking" policy in the UK had attracted 300,000 new accounts.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	30	86	Malaga	S	28	82	Salzburg	S	25	77
Akrotiri	S	32	90	Faro	S	24	75	Malta	S	34	93	Seoul	C	32	90
Algiers	F	29	84	Florence	S	31	88	Manila	C	32	90	Singapore	C	32	90
Amsterdam	C	15	61	Frankfurt	F	21	70	Miami	C	31	88	Stockholm	C	17	63
Athens	S	34	93	Funchal	C	23	73	Milan	F	26	79	Strasbourg	F	17	63
Bahrain	S	37	95	Geneva	F	22	72	Moscow	F	16	61	Sydney	F	16	61
Bangkok	S	32	90	Gibraltar	S	25	77	Munich	F	22	72	Tangier	C	35	95
Barcelona	F	24	75	Guernsey	S	17	63	Nairobi	–	–	–	Tampa	S	24	75
Beirut	S	25	77	Helsinki	F	19	66	Naples	S	33	91	Tehran	–	–	–
Belgrade	F	25	77	H. Kong	S	32	90	New Delhi	S	35	95	Tel Aviv	S	31	88
Berlin	C	18	64	Innsbruck	F	22	72	New York	F	25	77	Tenerife	S	26	79
Biarritz	F	22	72	Inverness	F	15	59	Nice	S	25	77	Tokyo	C	31	88
Blackpool	C	15	59	Istanbul	S	31	88	Oporto	S	24	75	Toronto	F	24	75
Bordeaux	C	19	66	Jersey	S	17	63	Oslo	F	21	70	Tunis	S	33	91
Boulogne	C	16	61	Jo'burg	S	23	73	Paris	C	18	64	Valencia	–	–	–
Budapest	F	25	77	Las Palmas	C	24	75	Prague	F	20	68	Venice	S	28	82
B. Aires	–	–	–	Lima	S	19	66	Reykjavik	R	12	54	Vienna	F	24	75
Cairo	S	36	97	Lisbon	S	26	79	Rio de J'o	C	31	88	Warsaw	C	19	66
Cape Town	–	–	–	Locarno	F	23	73	Rome	S	29	84	Zurich	S	21	70
Caracas	C	26	79	London	F	19	66								
Casablanca	F	23	73	Los Angeles	S	29	84								
Copenhagen	F	19	66	Luxembourg	F	18	64								
Corfu	S	32	90	Madrid	F	28	82								
Dublin	C	18	65	Majorca	S	29	84								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Pretoria faces growing unrest

Continued from Page 1

ing emergency powers introduced a fortnight ago have failed to quell dissent.

Unrest continued in Cape Town, where black students boycotted classes. On Wednesday night two men reported to be intent on sabotaging East London's power station were shot dead.

As European political leaders prepared to co-ordinate fresh anti-apartheid measures and the U.S. Congress moved to overcome the remaining hurdles before the selective economic sanctions bill is presented to President Reagan, Pretoria's political isolation grew.

The EEC started an attempt to reconcile differences between Britain and West Germany, which have declared their oipposition to sanctions, and the rest of EEC members, who appear ready to adopt selective measures.

The gap between Britain and the Community emerged both in Helsinki and London yesterday.

Sir Geoffrey Howe, Britain's Foreign Secretary, said in Helsinki London's ambassador, who like other EEC ambassadors in South Africa will be returning for consultations, was not being recalled permanently. He would return to Pretoria as soon as the consultative procedure was completed. He reaffirmed Britain's opposition to sanctions against South Africa.

The foreign ministers of the Ten have asked the political committee to establish an inventory of measures which had already been taken against South Africa or were envisaged by member-states. A report on measures which the EEC might adopt "to contribute to the abolition of apartheid" will be presented to ministers at their next meeting on September 10.

Mrs Thatcher said after her meeting with M Fabius: "We have perhaps different ways of achieving the objective, but theobjective is the same.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday August 2 1985

Deutsche Bank set for record after first-half advance

BY JONATHAN CARR IN FRANKFURT

DEUTSCHE Bank, West Germany's biggest bank, looks set for another year of record earnings after boosting operating profit by 7.1 per cent in the first half.

It is the last of the "big three" banks after Commerzbank and the Dresdner to report notably improved operating results in the first half, but the only one to specify a percentage growth figure.

As usual the bank does not say exactly how much operating profit it made. But in the whole of last year, Deutsche Bank is believed to have earned about DM 2.8bn ($1bn) in the parent bank and close to DM 4bn in the group, in each case an increase in the 1983 figures.

The strong rise in the banks' operating profits this year is due above all to buoyant earnings from own-account trading, especially in securities. "Partial" operating profit, the sum of interest and commission earnings less personnel and other spending, has risen relatively modestly.

Partial operating profits were up by 2.8 per cent to DM 945.2m compared with Dresdner's 1.3 per cent advance to DM 402.8m and Commerzbank's increase of 0.2 per cent to DM 318.1m. In all cases the comparison is with the figures for one half of the full results for 1984.

Deutsche Bank's interest profits rose by 2 per cent to DM 2.15bn despite a slight fall in its interest margin to 2.99 per cent, thanks to an increase in average business volume of 8.6 per cent. Both the other banks raised interest profits too despite falling margins, in Dresdner's case to 2.53 per cent and in Commerzbank's to 2.48 per cent.

Deutsche Bank's earnings from commissions rose by 11.8 per cent to DM 652.4m, while total spending was up by 4.9 per cent to DM 1.86bn. Business volume overall was down in both the parent bank and the group, in the former by 2.8 per cent to DM 139.3bn and in the latter by DM 3.1bn to DM 235.3bn.

The improved results come against a background of modest economic growth (likely to total around 2.5 per cent in real terms this year) accompanied by low inflation and gradually falling interest rates.

Deutsche Bank notes that the lower rates are the key reason why its customers are taking up longer-term credit. Short and medium-term credit to customers fell by 2.3 per cent to DM 37.4bn while credit of more than four years duration rose by 6.4 per cent to DM 29.3bn.

Westdeutsche Landesbank (WestLB), the country's biggest publicly-owned bank, raised partial operating profit in the first half by 1.7 per cent to DM 428m, with business volume virtually unchanged at DM 175.3bn.

Bayerische Vereinsbank, the big Munich-based bank, reports partial operating profit up slightly from DM 255.9m to DM 267.6m, with total assets rising by DM 2.2bn to DM 74.7bn.

David Lascelles considers whether there is a future for banking joint ventures

Why Ebic is looking for a new role

WHAT does the future hold for Ebic, one of the world's largest banking consortia? Action, or just words?

The recent sale of European Banking Co., the London merchant bank, to Amsterdam-Rotterdam Bank, marked the second disposal by the group of one of its jointly owned banks in less than a month. In June, the group sold Euro-Pacific Finance Corp., the Australian merchant bank, to Toronto Dominion Bank.

Three other jointly owned Ebic banks, European Asian Bank, European Arab Bank and European American Bank, have had problems in the last couple of years and needed financial help. All this at a time when the concept of consortium banking is increasingly being questioned.

Mr Paul Emmanuel Janssen, head of Belgium's Generale Bank who has just begun a two-year stint as Ebic's chairman, dismisses any suggestion that Ebic has become obsolete. He says it enables members to "continue pooling our experience." He also maintains that it gives banks a say "in the construction of Europe, which is something that should not just be left to industry and the politicians."

But Ebic is gradually retreating from its long-standing policy of establishing jointly owned banks around the world, and is now seeking a new role for itself.

Ebic was established in 1959, when a small group of European banks decided to co-operate in their international expansion – something that was quite novel at the time. In the 1960s they began to form their joint ventures.

European Banks International Company (Ebic) is a cooperative group consisting of Amro Bank (Netherlands), Banca Commerciale Italiana (Italy), Creditanstalt-Bankverein (Austria), Deutsche Bank (Germany), Midland Bank (UK), Generale Bank (Belgium) and Société Générale (France).

Its joint investments and members' shareholdings are:

● European American Bank (New York): Deutsche Bank, Generale Bank and Société Générale 23 per cent each, Amro 20 per cent, Creditanstalt-Bankverein 5.5 per cent and Midland Bank 4.9 per cent. Banca Commerciale is not a shareholder.

● European Asian Bank (Hamburg): Deutsche Bank 60 per cent, Creditanstalt-Bankverein 22 per cent, Amro and Generale Bank 9 per cent each. The others are not shareholders.

● Banque Europeene de Credit (Brussels): all members have one seventh shareholding.

● European Arab Banking (Luxembourg): Amro 5.7 per cent, Creditanstalt-Bankverein 8.2 per cent, Deutsche Bank 12.8 per cent, Midland 4.8 per cent, Generale Bank 7.6 per cent. Société Générale and Banca Commerciale are not shareholders. The remaining shareholdings are held by a group of non-Ebic European, Japanese and Arab banks.

In its heyday in the late 1970s the seven Ebic members owned six banks dotted round the world, two serving Europe, and one each serving Asia, the Pacific region, the Middle East and the U.S. The U.S. operation, European America Bank (EAB), grew out of the ruins of Franklin National Bank, which failed in the early 1970s.

Ebic also has more than a dozen committees where executives can meet and discuss mutual problems like technology, marketing and economics.

But increasingly the shareholder banks' own expansion overseas has come to overlap with the creatures they established. This is particularly evident in the U.S., where EAB was originally set up with a view to making it a bank of national stature – the Ebic members' foothold in the U.S. market.

This goal may partly have accounted for Midland Bank's failure to enter the U.S. market in its own right while its UK peers were advancing aggressively in the 1970s, this in turn brought about its belated and disastrous attempt to catch up by purchasing Crocker National Bank. That deal also created complications because the U.S. banking authorities said Midland could not own two banks in the U.S. and must reduce its 20 per cent interest in EAB to below five per cent.

That has now been achieved through a laborious reshuffling of stakes (a feature of life in Ebic) in EAB and EBC in London which, in turn, led to Midland owning EBC and then selling it to Amro for some £25m ($32.25m).

That still leaves, however, a question mark over EAB, the biggest member of the group, which lost $133m last year because of loan problems and obliged its owners to invest a further $80m in it. Under its new chairman, Mr Ray Dempsey, the bank is now back in profit and lowering its sights to become a "regional bank" in New York City and Long Island, a more modest strategy which should conflict less with the national aspirations that most Ebic members still have in the U.S..

Deutsche Bank, whose U.S. interests are probably the most extensive of the Ebic members' after Midland, claims to see no overlap. However many people expect the Ebic banks eventually to sell EAB. Mr Janssen commented: "I do not see any immediate change in ownership. We'll stick with it until we can get a good return."

Deutsche Bank has had to bear the brunt of the losses at another joint venture in which it holds the biggest stake, European Asian Bank. These were caused by loan problems in South East Asia, and are believed to have wiped out the bank's equity of DM 400m ($142.8m).

Deutsche Bank will not say how much it has to put into Eurasbank, as it is called. But it says the bank is now operating successfully again and has plans to expand in the Pacific basin.

The Ebic banks' other interests include a 40 per cent stake in European Arab Bank which also needed capital assistance in 1983, and lines of credit to help it in the money markets. They also own Banque Européenne de Credit, the Brussels-based sister bank of EBC, which is mainly in the medium term lending market and whose profitability has been reduced by the need to make provision against its Third World loans.

Ebic members cannot have made much money, if any, from their joint ventures in recent years. Clearly, many of these banks suffered from local problems. But their poor performance may also be a reflection of the drawbacks commonly associated with consortium banking: management by committee, and the constraints of serving and trying to avoid offending or competing with several masters.

Mr Janssen says Ebic members now regard their banks "more as a financial investment." However until their returns improve, this may not be enough to hold the group together, and it seems highly likely that in the coming years the Ebic joint ventures will either be sold off, or absorbed by one of the member banks.

As a result, Ebic may now gradually revert to the talking shop of the olden days; senior executives are said to enjoy meeting each other and discussing the great issues of the day.

Mr Stanislas Yassukovitch, the former chief executive of EBC and now head of Merrill Lynch's London operation, predicts that Ebic will survive in some form. "The secret of its longevity is adaptability," he said. "There are other things that hold it together apart from joint ventures."

Success for CBS buy-back scheme

By Our Financial Staff

SHARES in CBS, the U.S. media group fighting a takeover proposal from Atlanta entrepreneur Mr Ted Turner, fell sharply yesterday after the company announced its $955m share buy-back scheme was four times oversubscribed.

The CBS exchange offer for up to 6.36m shares, or 21 per cent of the shares outstanding, was seen on Wall Street as an important plank in the company's defence strategy.

In early trading yesterday, CBS shares were down $4¾ at $110⅝ after trading as low as $107. The fall appears to reflect traders' view that the result of the buy-back, for which 25.5m shares were tendered, makes the chances of success for Mr Turner's all-paper bid even less likely.

Already, separate decisions this week by the Federal Communications Commission and a federal court in Atlanta had upheld CBS's right to link the buy-back with the issue of preference stock imposing limits on additional debt to be incurred by the company.

Italian deal for Elkem

By Fay Gjester in Oslo

ELKEM of Norway, the world's largest ferro-alloys producer, has taken a 20 per cent stake in a north Italian ferro-alloys company, Officine Elettrochimiche Trentine (OET), which has annual sales of about NKr 350m ($42.6m).

The Norwegian group has also undertaken to market all OET's products outside Italy.

OET makes various specialised, highly refined alloys such as ferro-titanium (of which it is Europe's largest producer), ferro-silico magnesium and high-purity ferro-silicon and calcium silicon.

Chase cleared to buy troubled Madrid bank

BY DAVID WHITE IN MADRID

CHASE Manhattan, the New York bank, has received approval from the Spanish Government to go ahead with the takeover of Banco de Finanzas, a small Madrid-based industrial bank in need of re-floating.

The operation involves an initial investment by the U.S. group of Pta 6.03bn ($37m) in buying up the entire stock and injecting new capital.

Chase, which is the second U.S. bank after Citibank to take over an existing Spanish institution, is to re-launch its acquisition as a commercial rather than an industrial banking venture.

Difficulties at Banco de Finanzas, until now linked to the Fierro family's industrial interests, were exacerbated by a recent suspension of payments at Constructora Internacional, a large contractor which had an outstanding debt of about Pta 3.6bn to the bank.

Chase's takeover involves the purchase of 91 per cent of the shares from the Fierro family and other major shareholders – Banco Central and Saudi interests – at a written-down price of Pta 1 per Pta 1,000 share. For the remaining 9 per cent of the existing 2m shares, Chase is offering Pta 1,500 per share to ensure full control. In addition, it is to subscribe for 4.31m new shares at a price of PTA 1,335 per share.

Takeovers of ailing Spanish banks provide the only channel so far available to foreign banks for circumventing limits on their retail operations in Spain. These limits are due to be lifted for EEC-based banks at the end of a seven-year transition period following the country's entry to the EEC in January next year, but the position for non-EEC banks remains uncertain.

German stores group to seek market listing

BY OUR FINANCIAL STAFF

DEUTSCHE SB-Kauf, a West German chain of self-service stores, could be heading for the stock market.

Veba, the energy conglomerate, has sold the stores chain to a consortium consisting of a number of banks plus the department store group, Asko-Deutsche Kaufhaus.

The consortium, according to Veba, has plans eventually to float part of its newly-acquired assets on the stock market. Timing and size of the offering have yet to be decided.

SB-Kauf has sales of DM 2.4bn. It operates 23 food stores and seven cash and carry wholesales stores, mostly in the northern half of Germany.

Its new owners are Deutsche Genossenschaftsbank, Norddeutsche Landesbank, Westdeutsche Landesbank and Asko. The four will each hold 24.9 per cent of SB-Kauf, with Veba retaining the balance.

● Horten, the fourth biggest West German store group, has stolen a march on its larger rivals by announcing a small rise in sales in its current financial year, despite the severe difficulties afflicting the retailing sector, writes Rupert Cornwell in Bonn.

Horten, which is majority-owned by BAT Industries of the UK, reported that turnover of its 58 stores rose by 1.3 per cent in the first five months of the year to February 28 1986, reaching DM 1.08bn ($383m).

When allowance is made for inflation, the sales figure represents a slight decline in real terms. But it is a noticeably better performance than those achieved by Karstadt and Kaufhof, the two largest concerns in the sector, both of which announced a continuing drop in sales.

In 1984-85, the long-standing problems of the West German retail sector here brought about a 44 per cent drop in Horten's earnings to DM 20m, on sales down 1.9 per cent to DM 2.87bn. The group cut its dividend to DM 4 per share from DM 6 as a result.

MacMillan Bloedel in the black

MacMILLAN BLOEDEL, Canada's largest forest products group, said that earnings were still being held down by market pulp prices near their 1983 low and newsprint prices remained under constant pressure, partly from Scandinavian imports, writes Robert Gibbens in Montreal.

Lumber and plywood prices, however, had improved with stronger North American housing starts.

MacMillan's first-half net profits were C$10.4m ($7.76m) on sales of C$1.14bn against a loss of C$8.1m on sales of $946m a year earlier

● Mobil Canada, principal operator for the Hibernian oilfield nearly 200 miles east of St. John's, Newfoundland, has given in to provincial government pressure and has agreed to use a concrete production platform in its development planning instead of a floating steel system.

If development of Hibernian goes ahead as planned in the early 1990s, the gravity-based concrete platform and shipping system could handle about 150,000 barrels a day.

EUROBONDS

Spotlight on convertible issues

BY MAGGIE URRY IN LONDON

WITH the Eurodollar fixed rate bond market lifeless, borrowers are turning to convertible issues. Comcast, the U.S. cable television group, plugged into a $50m issue yesterday which proved popular with investors.

The bonds have a 15 year life during which holders will be able to convert into the shares at a price to be fixed at 23 per cent to 28 per cent above the current share price. Meanwhile they will receive a coupon indicated in the range of 7 per cent to 7¼ per cent – well above the yield on the shares of 0.6 per cent.

Comcast is a fast-growing company, but investors will get some protection in case of a dull share price in the form of a put option after five years, at a price to give a redemption yield of 10 per cent. The issue is led by Morgan Grenfell and Merrill Lynch.

The bonds were trading close to their par issue price yesterday, with good sales reported.

The Eurodollar bond market picked up yesterday in line with the improvement in New York, but early gains of up to ¾ point were cut back by sellers, to leave the market only slightly higher.

BHF Bank bond average		
Aug 1		Previous
104.184		104.066
High	1985	Low
104.184		99.840

Nikko Securities (Europe) led a $20m issue with equity warrants for Aica Kogyo, a Japanese adhesives company. This has a five year life and an indicated coupon of 7¼ per cent. Issue price is par.

In the Australian dollar Eurobond market an A$50m deal was launched for the Government Insurance Office of New South Wales, but despite a 13 per cent coupon the bonds were moving slowly. They have a five year life and were issued at 100½. Lead manager is Bankers Trust and a strong group of European continental banks was formed. Some traders quoted the bonds outside the 2 per cent fees, however.

The European currency unit market has been unsettled by movements in the foreign exchanges, and the rise in Belgian interest rates. Recent deals slipped down. A Ecu 100m deal for Morgan Guaranty Trust was holding just inside its 1⅞ per cent fees though. This has a five year life, an 8½ per cent coupon and 99¾ issue price. Morgan Guaranty led the issue.

Activity increased in the D-Mark Eurobond market with signs of reinvestment. Prices gained ⅜ point on average as traders took the Bundesbank's moves in the money market to hint at lower interest rates.

The Swiss franc foreign bond market was closed yesterday for the National Day holiday.

International Bond Service, Page 14

Warrants for CEPME bond

By Our Euromarkets Staff

A COMPLEX dual-currency bond launched last year by CEPME, a French agency financing small business, has spawned a separate issue of sterling warrants collateralised by holdings of the CEPME paper.

Société Générale and Lazard Brothers are jointly leading a private placement of the warrants.

Buyers will pay 12½ per cent of the nominal value, equivalent to an option premium, for a package of five warrants exercisable on June 12 1989, 1992, 1994 and 1996. Two warrants will fall due on the last date. The exercise price is $1.3770. Investors in the CEPME issue, which was led by Salomon Brothers, can be repaid at about the same dates in dollars or in sterling at $1.3770.

The sponsors of the warrant issue are essentially stripping out the currency play on their holdings of about $35m of the CEPME issue, and reseive the premium income in return. The warrants are aimed at buyers needing a hedge against the effects of a continued rise in sterling.

BOC seeks to raise $200m Euro-facility

BY ALEXANDER NICOLL IN LONDON

BOC GROUP, the British industrial gases concern, is tapping the expanding Euro-commercial paper market with a $200m facility which is set to focus further attention on a current debate about distribution methods in the Euromarkets.

Employing a structure not seen before for a UK borrower, BOC has decided not to form a tender panel of banks to bid for issues, but instead has appointed three investment banks as designated dealers. They are Credit Suisse First Boston, Salomon Brothers International and Swiss Bank Corporation International.

Investment banks have recently stirred a hot dispute with commercial banks by criticising the tender panel system used in most Euro-facilities. They say it is too cumbersome, distorts the price paid by borrowers, and hinders the development of a proper market for Euronotes among end-investors.

BOC, motivated primarily by a desire to keep costs down, has not sought an underwriting for the facility and has arranged no bank standby to back it. Paper will be issued by a U.S. subsidiary with the parent company's guarantee.

If paper is actually issued, the investment banks will receive a fee commensurate with the lowest commissions paid under U.S. commercial paper programmes. BOC will pay no other fees.

Though this structure gives BOC considerable flexibility to issue paper when investor demand is perceived, and at what it hopes will be cheap rates, it does not assure the borrower's access to the market at any time. The dealers will bid competitively for paper, but can bid at any level with no set maximum.

Mr Paul Bosonnet, BOC deputy chairman, explained: "Other companies have wanted a guarantee that they have got a facility available to use. We already have credit lines that meet our needs, so we are seeking cheaper finance rather than the availability of more finance."

BOC does plan, however, to use the facility. It expects to draw about $100m over the next few months to finance the general operations of its U.S. subsidiaries and replace bank lines of credit.

INTERNATIONAL COMPANIES and FINANCE

Eastman Kodak hit by strong dollar and weak chemicals

BY PAUL TAYLOR IN NEW YORK

EASTMAN KODAK, the world's largest manfacturer of photographic products, has blamed a sharp 28.3 per cent decline in second-quarter net earnings on the "overvalued U.S. dollar" and lower selling prices in its chemicals division. The group feels there is little improvement in sight.

Net earnings fell to $184.3m or 72 cents a share from $229.3m or 92 cents in the 1984 period on sales that slipped by 4 per cent to $2.46bn from $2.56bn.

The second-quarter decline follows a similarly disappointing first quarter, when year-on-year earnings fell by 21 per cent. For the first half, Kodak's net earnings were $279.5m or $1.22 a share, down 27.8 per cent from $387.1m or $1.56 in the 1984 period. First-half sales slipped 2.4 per cent to $4.58bn from $4.7bn.

Kodak said gains in shipments of photographic goods and chemical products were more than offset by the adverse effect of the overvalued dollar and falling chemical product prices. Earnings from operations fell by 30 per cent to $287.4m in the second-quarter from $409.8m and by 27 per cent to $493.9m from $680.8m in the half year.

Mr Colby Chandler, Kodak's chairman and chief executive, and Mr Kay Whitmore, president, commenting on the results, said: "The adverse impact of the overvalued U.S. dollar, coupled with depressed selling prices in the chemicals industry which were due in large part to the dollar's strength, more than account for the difference between 1984 earnings and those thus far in 1985.

"Other negative factors included additional depreciation charges, higher research and development expenditures and increased marketing expenses. Partially offsetting influences included lower silver and raw material costs, and higher unit volume."

Looking ahead, the two senior executives said: "The sluggish nature of the world economy and depressed conditions in chemical markets will be negative factors for the balance of the year.

"If the U.S. dollar remains at recent values, its effect will be neutral in terms of earnings comparisons over the rest of 1985. However, the dollar still remains overvalued in comparison with levels of the last few years, placing pressures on selling prices. As we have said before, while we continue to look for gains in sales volumes, it will be a challenging task to match 1984 earnings."

Higher interim profits for Rio Tinto-Zinc arm

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

RIO ALGOM, the Rio Tinto-Zinc group's Canadian arm, saw its net earnings ease a little in the second quarter to C$22.93m ($17m), but the total for the first half of 1985 shows up well at C$46.08m, or $1.04 per share, against C$37.18m in the same period last year.

A major factor in the increase has been the recovery at the 68.1 per cent-owned Lornex Mining copper-molybdenum producer in British Columbia which has increased production and received higher prices for molybdenum. It has also benefited from higher output at the 39 per cent-owned Bullmoose mine.

Lornex has been also helped by higher earnings at its Atlas Alloys subsidiary which reflect a full-six-months results of Vincent metals, acquired in April of last year.

Atlas Steels incurred a loss because of strikes, however, and Rio Algom's uranium earnings have been checked by lower ore grades at the Quirke mine on Elliott Lake.

Lornex says construction of its East Kemptville open-pit tin project in Nova Scotia is running on schedule and under budget. It will be the only major tin producer in North America when it comes on stream later this year.

The projected annual output of concentrates is expected to contain 4,500 tonnes of tin plus 1,500 tonnes of copper and 2,400 tonnes of zinc. Because Canada is not a producing member of the International Tin Agreement, the new mine will not be subject to tin export controls.

Grumman suffers setback

BY OUR NEW YORK STAFF

GRUMMAN, the U.S. aerospace and defence group, reported a 9.5 per cent decline in second-quarter net earnings to $222.84m or 75 cents a share from $25.24m or 84 cents a share in the same period last year, despite a sharp increase in sales.

The group, whose products include the F-14 Tomcat fighter and A-6E attack aircraft, has recently been spending heavily in a bid to win new contracts. Its sales in the latest period increased by 20 per cent to $732.5m from $609.9m.

For the first half, Grumman achieved net earnings of $50.1m or $1.65 a share, virtually the same as the 1985 period when net earnings were $50.3m or $1.69. Sales jumped by 24 per cent to $1.49bn from $1.2bn in the 1984 period.

The group, which noted that the six-month results were slightly lower than expected, said its order backlog at the end of June stood at $4.8bn, down from $4.9bn a year earlier.

Allis-Chalmers in the red

BY OUR FINANCIAL STAFF

ALLIS-CHALMERS, the troubled U.S. farm equipment and industrial machinery group, suffered a $98.9m net loss in the second quarter, compared with a profit of $12.5m a year ago. The latest figures include an $18.24m deficit on discontinued operations, and a $75.14m loss on disposals, offset by a gain of $11m.

The corresponding 1984 quarter included profit from discontinued operations for $3.18m.

For the half year, the loss emerged at $150.49m, against $27.7m last time. Sales were ahead to $432.7m, from $407.4m, with $217.8m, compared with $212.3m coming in the latest three months.

The half-year figures this time comprised a loss of $32.67m against $40.05m on continuing operations and a $53.49m loss against $12.35m earnings on discontinued activities.

U.S. Quarterly Results

BORDEN
Foods, dairy & chemical products

Second quarter	1985 $	1984 $
Revenue	1.19bn	1.19bn
Net profits	47.5m	51.3m
Net per share	0.61	0.64
Six months		
Revenue	2.27bn	2.26bn
Net profits	92.2m	96.5m
Net per share	1.18	[illegible]

CENTEX
Homebuilding, construction

First quarter	1985-86 $	1984-85 $
Revenue	350.2m	298.8m
Op. net profits	12.7m	10.1m
Op. net per share	0.80	0.67

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 1.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101¾	102¼	+0⅝	+0¾	10.30
Amex Credit 12⅝ 88	150	†106⅛	106⅝	+0½	+0⅝	10.15
Atlant Richfld 10¼ 00	250	92½	93	+0½	+0¼	11.27
Bank of Tokyo 13⅜ 91	100	111¾	112¼	+0¾	+0⅜	10.78
BP Capital 11⅛ 92	150	101⅛	101⅝	+0½	+0⅛	10.79
Canada 11½ 90	500	104⅜	104⅞	+0⅝	+0⅛	10.17
Canadian Pac 10¼ 93	100	99⅝	100⅛	+0⅜	−0½	10.78
Canadian Pac 12½ 88	75	106½	107	0	0	11.50
CBS Inc 11⅝ 92	100	†102	102½	+1⅛	+0¾	10.88
Chevron U.S.A. 12¼ 89	600	104¼	104¾	0	+0½	10.83
Citicorp 11½ 95	150	100½	101	+0⅞	+0⅝	11.36
Coca Cola 11¾ 91	100	106¼	106¾	+0¾	+0⅞	10.28
Denmark Kingdom 11¼ 89	100	102	102½	+0⅜	+0⅛	10.46
Denmark Kingdom 11½ 90	100	102¾	103¼	+0⅝	−0¼	10.84
Denmark Kingdom 11⅝ 92	100	102	102½	+1	+0⅜	10.96
Denmark Kingdom 13¼ 91	100	109	109½	+0⅝	0	11.08
E.E.C. 11⅛ 90	100	102⅜	102⅞	+0⅝	+0⅜	10.33
E.I.B. 12 95	200	105⅜	105⅞	+0⅝	+0⅛	11.01
E.I.B. 13 96	200	109⅝	110⅛	+0⅝	+0½	11.38
Export Dev Corp 10 90	100	99⅜	99⅞	+0¼	+0⅛	10.36
Export Dev Corp 12 89	100	104¾	105¼	0	−0¼	10.45
Ford Motor Cred 11¾ 90	100	101½	102	+0¾	+0⅜	10.82
Ford Motor Cred 11⅝ 95	100	100⅝	101⅛	+0¼	+0⅛	11.44
Ford Motor Cred 11¾ 92	100	†101¼	101¾	+0½	−0¼	11.39
Ford Motor Cred 12 95	100	103⅛	103⅝	+0⅜	+0¼	11.37
Gen Elec Credit 10¼ 00	200	99⅞	100⅜	+0½	+0¼	10.22
GMAC 10¼ 88	200	100⅛	100⅝	+0¼	+0½	10.11
IBM Credit 10⅜ 2000	300	100⅜	100⅞	+0⅛	+0¼	10.27
Indust Bk Japan 12⅞ 89	100	106¼	106¾	+0¼	−1	10.83
Japan Air Lines 13⅜ 94	180	115½	116	+0¾	−1⅜	10.59
Kellogg Company 10⅞ 90	100	100¾	101¼	+0¼	+0¼	10.54
Kellogg Company 11¼ 92	100	101⅞	102⅜	+0¼	0	10.75
L.T.C.B. 12⅞ 91	100	108¼	108¾	+0¾	+0¼	10.90
Macy Cred Corp 11¾ 95	100	104	104½	+1⅜	+1⅛	10.98
Mellon Bank 13 87	100	105⅛	105⅝	−0⅛	+0⅛	9.89
Merrill Lynch 12¾ 89	100	104⅞	105⅜	+0⅜	+0½	11.12
Minnesota 11½ 87	100	103	103½	+0¼	+0⅛	9.75
Mitsui Trust 11⅝ 90	100	101¾	102¼	−0⅛	−0¼	11.08
Morgan Guaranty 12⅝ 89	150	†105½	106	+0¼	+0¼	10.58
Nth America 12⅞ 91	100	†106¼	106¾	+0¾	+0½	11.33
Penney J.C. 12¾ 91	100	†106½	107	+0½	0	11.16
Pru Realty secs 12⅛ 95	545	†105½	106	+0¾	+0¼	11.08
Qantas Airways 10⅜ 95	140	96¾	97¼	+0⅝	−0¾	10.88
Quebec Hydro 11½ 92	100	102⅝	103⅛	+0⅛	+0⅛	10.88
Ralston Purina 11¾ 95	150	102	102½	+0⅛	−0⅛	11.34
Ralston Purina 12¾ 89	100	106½	107	+0⅝	+0½	10.94
Royal Bk Can 12¾ 92 XW	100	102⅛	102⅝	0	0	12.16
Saskatchewan 10¾ 92	100	99⅞	100⅜	+0⅜	0	10.69
Saskatchewan 11⅞ 89	100	†104⅝	105⅛	+0½	+0⅞	10.37
S Wales Trsy 11¾ 90	150	104⅛	104⅝	+0¾	+0¼	10.59
Swed Exp Cred 10 92	100	96½	97	+0⅝	+0⅛	10.68
Swed Exp Cred 12¾ 89XW	100	106⅜	106⅞	+0½	+0¾	10.66
Sweden Kingdom 10⅞ 90	200	100¾	101¼	+0⅛	0	10.57
Sweden Kingdom 11½ 89	200	103⅜	103⅞	+0⅝	+0½	10.39
Sweden Kingdom 11¾ 94	100	103½	104	+0⅜	−0¼	11.06
Tenneco Corp 10¾ 95	150	99	99½	+0¼	0	10.87
Texaco Capital 12⅞ 87	300	105⅛	105⅝	+0¼	+0¼	9.87
Tokai Asia 11½ 95	100	†101½	102	+0⅛	−0⅜	11.18
Victorian Rep 11⅝ 92	150	102¾	103¼	+0⅝	+0⅛	10.95
World Bank 12¼ 94	150	106⅜	106⅞	+0⅛	−0⅝	11.05
World Bank 12⅞ 94	200	110⅜	110⅞	+0¾	0	10.96

Average price change On day +0⅜ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	105⅝	106⅛	+0½	+0½	7.10
Austria Republic 7⅝ 94	200	103⅞	104⅜	+0⅝	−0¼	6.96
Baxter Travenol 7¼ 94	200	103½	104	0	+1⅛	6.65
Copenhagen 7⅜ 95	150	100⅝	101⅛	+0⅛	−0⅛	7.25
Credit National 8⅛ 94	200	105⅞	106⅜	+0¼	+0⅛	7.13
Degussa Int Fin 7½ 94	100	105⅜	105⅞	+0¼	+1⅜	6.60
E.I.B. 7¼ 94	300	101¾	102¼	+0¼	0	6.94
Escom 8 92	150	95⅝	96⅛	+0⅜	+0¾	8.83
Ferrovie Dello Stato 8 91	100	103¾	104¼	0	+0¼	7.16
Finland Republic 7 92	200	100¾	101¼	−0⅛	−0¼	6.79
Gould Int Fin 7⅝ 91	100	104⅜	104⅞	−0⅛	+0¾	6.63
Ireland 8⅛ 92	150	105⅝	106⅛	−0⅛	−0⅜	7.00
Japan Fin Corp 7⅜ 91	100	103¼	103¾	−0¼	−0⅞	6.88
Mitsubishi Hvy 3½ 89WW	300	130	130½	+3½	−3¼	−3.99
Mitsubishi Hvy 3½ 89XW	300	91⅛	91⅝	0	−0⅛	6.19
Mitsubishi Met 3⅛ 89WW	100	103½	104	+1	+1⅞	2.22
Mitsubishi Met 3⅛ 89XW	100	88	88½	−0¼	−0¼	6.27
Pepsico O/S Fin 7¼ 94	250	103½	104	+0⅜	−0⅜	6.65
Quebec Hydro 7⅛ 95	200	101½	102	+0¼	−0½	6.87
Renfe 7¾ 95	100	102⅞	103⅜	+0⅛	+0⅜	7.20
Renown 3⅞ 90	80	107¾	108¼	−2¼	+1⅝	1.43
Societe Cent Nuclear 8 91	100	106½	107	0	+0¾	6.58
Sth African Tran 7⅝ 92	100	92¾	93¼	−0⅛	+0½	8.96
World Bank 7¾ 89	100	103	103½	0	−0¼	6.67
World Bank 8 94	200	106⅛	106⅝	+0⅜	+0⅛	6.97

Average price change On day +0⅜ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†*101½	101¾	0	−0¼	6.01
Avon Cap Corp 5⅝ 94	130	†*99¼	99½	+0¼	+0¼	5.46
Brit land Comp 6½ 89	75	†*103¼	103½	+0¼	0	6.13
Council of Europe 6 92	120	†*102	102¼	−0½	0	5.63
Creditanstalt 5½ 94	100	†*97½	97¾	−0¾	−0¾	5.83
Deutsche Bk Fin 5⅝ 95	100	†*100	100¼	−0¼	−1	5.85
E.I.B. 5⅞ 94	120	†*101	101¼	−0½	+0¾	5.71
Export Dev Corp 5⅜ 92	125	†*99¾	100	−0¾	−0½	5.39
Gen Occidentale 4½ 94	80	†*102¼	102½	0	−0¾	4.19
I C Industries 5⅝ 94	125	†*100	100¼	0	+0¼	5.60
Ind Fund Fin 5¾ 94	40	†*100½	100¾	0	0	5.65
Int-Am Dev Bk 6⅛ 94	120	†*101½	101¾	0	0	5.89
N.Zealand steel 5¾ 96	70	†*98¾	99	0	−0¼	5.88
Oberos Kftwk 5⅝ 95	100	†*98¼	98½	−0¼	+0¼	5.80
Ralston Purina 5⅜ 94	125	†*100	100¼	−0¼	−0¼	5.35
Santos Finance Ltd 6 94	130	†*99	99¼	0	+0¼	6.12
Tokyo Elec Pwr 5½ 93	120	†*99	99¼	0	0	5.64
Tokyo Metropolis 5¼ 94	80	†*98¾	99	0	0	5.49
World Bk 5¾ 94	150	†*101½	101¾	+0¾	0	5.52

Average price change On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100⅛	100⅜	+0⅜	+0⅛	6.64
Gdyr Tr & Rubber 7¼ 95	25	98⅝	99⅛	+0⅛	−0⅛	7.28
Mort Bk Denmark 7 92	10	100⅜	100⅞	+0¼	+0⅛	6.88
New Brunswick 7⅛ 95	10	101½	102	+0⅜	+0⅜	6.87
World Bank 6⅝ 90	25	100⅜	100⅞	+0¼	+0½	6.46

Average price change On day +0¼ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12⅞ 90SA	125	102	103	0	−0⅛	12.17
Citicorp Aust 13½ 88SA	40	101¼	102¼	−0⅛	+0⅜	12.73
CSR Finance 13¼ 90 SA	40	101	102	−0⅛	−0⅜	12.81
Nissho Iwai 13¼ 90 SA	30	99¾	100¾	−0¼	0	13.16
Amex 10¾ 90 CS	50	99⅞	100⅜	+0¼	−0½	10.79
Genstar Fin 11¾ 95 CS	75	96¾	97¼	+0⅞	+0⅜	12.28
Hamil-Went'th 10¾ 95CS	25	†95	95½	−0¼	−1	11.57
Loblaw Cos 11⅝ 92 CS	50	†98½	99	0	−0¾	11.88
New Brunswick 11⅝ 95CS	75	†99½	100	+0¼	−0¼	11.65
Shell Canada 11¼ 92 CS	75	99⅛	99⅝	+0¼	+2½	11.38
Winnipeg City 10⅝ 90CS	50	98½	99	+0¼	−0¼	10.98
BP Capital 16 88 NS	50	99½	100½	−0⅞	−1¾	16.09
Danish Ex Fin 16⅛ 90NS	40	95¼	96¼	−0⅝	−0½	17.45
KB Finse 16⅜ 90 NS	50	95½	96½	−0½	−2½	17.64
C.N.T 9¾ 92 ECU	75	105⅞	106⅝	−0¼	−0⅜	8.48
C.N.T 9⅞ 95 ECU	75	103⅞	104⅝	−0¼	−0½	9.18
Eurofima 9⅜ 93 ECU	50	105⅝	106⅜	0	−0¼	8.39
Eurofima 7½ 92 FL	50	103	103½	0	+0⅜	6.87
Philips Lamps 7½ 90 FL	100	102¾	103½	+0¼	+0⅜	6.70
Rank Xerox 8 90 FL	100	104¾	105¼	0	+0⅛	6.72
Van Lanschot 7½ 90FL	50	102½	103	+0⅛	+0¼	6.81
World Bank 7½ 90 FL	150	102⅝	103⅛	+0⅛	+0¼	6.80
E.C.S.C 11¼ 92 FF	300	101	101½	0	+0⅛	10.96
Amer Express 11⅜ 92 £	30	103¾	104¼	−0⅛	0	10.48
Australia Comm 11 92 £	40	99⅞	100⅜	0	+0¼	10.95
BP Capital 10¾ 92 £	50	99⅜	99⅞	+0⅛	+0⅛	10.81
E.I.B. 11⅛ 93 £	50	101	101½	−0¼	−0¼	10.85
GMAC UK Fin 10½ 90 £	30	98⅛	98⅝	−0⅛	0	10.93
Imp Chem Inds 11¼ 95 £	75	101⅛	101⅞	−0⅜	−0¼	10.99
Inco 12¾ 93 £	50	102½	103	−0¼	−0⅜	12.13
Mcdonalds 10⅞ 90 £	40	99⅜	99⅞	−0⅜	−0⅛	10.95
Privatbanken 11⅞ 92 £	20	100	100½	+0⅛	+0¼	11.79
Rank Xerox 11 92 £	40	99½	100	−0⅛	−0⅛	11.03
Royal Trustco 11⅝ 90 £	30	100¼	100¾	+0⅛	0	11.19
Ster Drug Cap 10⅞ 90 £	30	98½	100	−0⅛	−0⅛	10.91
Tricentrol XW 11 92 £	35	94⅝	95⅛	0	+0⅜	12.12
Tsthouse Forte 11⅛ 90£	50	99⅜	99⅞	−0¼	0	11.20
World Bank 11¼ 95 £	100	103	103½	−0¼	+0⅜	10.68
E.C.S.C. 10½ 94LF	100	104½	105½	+0⅝	+0⅛	9.84
Nat Lux Alum 10½ 92 LF	600	105	105¾	+0⅛	−0⅛	9.42

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†*99½	99¾	24/7	7.56	7.59
BankAmerica O/S 5¼ 96	0⅛	99¾	100¼	3/8	8⅛	8.13
Bank of Montreal 5 96	0⅛	100⅜	100⅝	29/7	8¾	8.71
Bankers Trust 5 2000	0	99⅝	99⅞	11/9	7.69	7.71
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/8	8.56	8.54
B.F.C.E. 5¼ 99	0⅛	100⅜	100⅝	13/9	10.06	10.01
B.N.P. 5¼ 96 (July)	0¼	99¾	100	22/7	9⅛	9.14
C.C.F. 5¼ 97	0	99⅞	100⅛	22/9	10⅝	10.63
Chase Man In 5 2000	0	99½	99¾	9/8	8⅝	8.65
Chase Man'tn 5¼ 2009	0⅛	99¾	100	5/9	7.81	7.82
Citicorp O/S 5¼ 98 Sep	0⅛	99½	99¾	19/12	11.19	11.23
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Ireland 5¼ 97	0	100⅛	100⅜	26/10	9.69	9.66
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.98
Italy, Republic 5 94	0⅛	100⅛	100⅜	12/11	8⅞	8.85
Lloyds Bank 5¼ Perp	0¼	99⅝	99⅞	9/12	8	8.02
Midland Bank Perp 5	0¼	99½	99¾	19/12	8⅛	8.16
Nat West Perp 5	0⅜	100¾	101	13/11	9⅛	9.05
Nat West Perp A 5¼ S	0¼	99¼	99½	9/1	8¼	8.30
Nat West Perp B 5¼ S	0¼	99⅜	99⅝	9/8	5¼	5.28
Queensland Coal 5¼ 96	0¼	100¼	100½	12/11	9	8.97
Roy Bk Canada 5 2005	0⅛	99¼	99½	5/8	7⅞	7.92
Roy Bk Scot 5¼ 2005 £	0	99	99¼	2/8	12.81	12.93
Sweden Perp 5¼	0¼	99⅞	100⅛	9/1	8.31	8.31
Tokai 5¼ 99	0⅛	100⅛	100⅜	12/12	8⅛	8.10

Average price change On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	110¾	111½	+2⅞	7.87
Fanuc 3¾ 98	1/84	7032.3	146⅛	146⅝	+0¼	42.84
Fujitsu 3 99	5/84	1320.9	78¼	78¾	+2¼	28.20
Kumagai Gumi 3½ 2000	3/85	600	140	140½	+2⅝	2.77
Marui 3½ 99	7/84	1162	116⅛	116⅞	−0⅛	−0.44
Mitsubishi Elec 2⅞ 00	3/85	422	91¼	91¾	+2⅞	0.24
Murata 3½ 99	2/84	2351.2	83	83½	+5⅛	40.11
Murata 3½ 2000	7/84	2398	82	82½	+5⅛	42.21
Nippon Elec 2⅞ 2000	1/85	1295	82	82¼	+0⅜	30.66
Nippon Oil Co 3 2000	5/85	923	104¼	105	+2⅛	6.51
Nippon Oil Co 3¼ 99	3/84	1052	105⅛	106⅛	+2⅞	33.16
Oki Elec Ind 3½ 99	10/84	805	97½	98	+1⅛	33.35
Orient Leasing 5¼ 98	6/83	2680	†98½	99½	+1½	−2.67
Sekisui House 3 99	6/84	612	126⅛	126⅞	+1¾	5.44
Sony Corp 2 2000	5/85	4578	89⅜	89⅞	+2¾	5.46
Sumitomo Corp 2⅞ 99	5/84	593	126⅞	[illegible]	+3	5.98
Taiyo Yuden 3¼ 2000	3/85	1078	†89	90	+7½	6.89
Takeda Riken 3⅜ 2000	10/84	7663	†*75	76	−1½	54.42
Tokyo Sanyo Elec 3½ 99	12/84	772	89⅞	90⅝	+1⅝	4.76
Toshiba Ceramics 3 2000	4/85	1734.2	92⅛	92⅝	+2½	24.91
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†*104	104¼	0	25.25
Nippon Shinpan Co 2 92 SF	3/84	801	†*97¼	97½	−3¼	20.24
Asics 5 92 DM	12/83	520	108¼	109¼	+0¼	31.16
Sum Realty 6¼ 92 DM	2/83	338	275⅜	276⅜	−14⅛	0.92

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Losses widen at Sanko Steamship

BY YOKO SHIBATA IN TOKYO

SANKO STEAMSHIP, which operates one of the world's biggest tanker fleets, has announced a further increase in group net losses to Y73.77bn ($321m) from Y70.26bn in the year ended last March. This result has brought the group's cumulative losses to Y212bn—against net assets of only Y165.6bn. Group sales rose only 4 per cent to Y388.8bn.

The Sanko parent company's net loss of Y88bn for last year brought its cumulative losses to Y168.2bn, the largest in Japanese corporate history. Had last year's loss been only Y3.1bn more, the parent company's losses would also have exceeded its net assets, making it vulnerable to delisting by the Tokyo Stock Exchange.

Under stock exchange rules, a company whose liabilities exceed its assets for two consecutive years is subject to delisting procedures. Sanko narrowly avoided this situation in June last year, when its transferred 16 loss-making very large crude carriers to Sanko Tankers, a subsidiary company, together with debts of Y69.5bn.

Sanko's problems stem from its excess tanker capacity, consisting of 25 VLCCs, of which 12 are laid up, and 60 smaller vessels which are reckoned to be losing around Y3bn a month.

Continued financial assistance from its main banks is indispensable to keep the company afloat. However, the company's three main supporters, the Long-Term Credit Bank of Japan, Tokai Bank and Daiwa Bank, appear to have lost patience with the slow rate of progress of the three-year business reconstruction plan implemented in April 1984, including financial packages worth Y380bn.

The banks have begun to review the business reconstruction plan and new loan requests, and are unhappy at the idea of keeping a credit line open to an ailing company whose prospects of business recovery are totally dependent upon the recovery of the tanker market.

In June, Mr Toshio Komoto, Japan's deputy prime minister, who is also the de-facto owner of Sanko and Tokuo Yamashita, the transport minister, a member of Mr Komoto's faction of the ruling Liberal Democratic Party, pressed the three main banks to extend additional loans of Y75bn to Sanko. The banks finally agreed to offer loans amounting to Y23.5bn, consisting of Y10.2bn for cancellation of tanker chartering contracts and Y13.3bn for deferred payments of tanker charterage.

The remaining Y50bn of loans will not be granted for the time being since the banks, for their part, are pressing for Sanko to secure Y150-Y200bn of loans from the government's Development Bank of Japan for the purchase of idle Japan-registered tankers of some 15m tonnes for scrap.

The banks have also advised Sanko to seek intra-industry assistance to carry out the scheme to buy up idle tankers. However, Sanko's traditional "lone wolf" approach to business which has included staying outside the administrative guidance system has made the shipping industry unwilling to go along with this plan.

Mr Komoto's past considerable political clout was demonstrated in the mid-1970s, when he took the lead as MITI minister in setting up a floating oil storage system by using idle tankers.

However, Mr Komoto's political influence has recently been on the wane. He is believed to have stayed out of the political struggle within the LDP for the party presidency, while Mr Yamashita is expected to leave the cabinet in the reshuffle expected in October.

Transport ministry officials are reluctant to support the tanker purchase and scrapping scheme with public funds.

Downturn for Malayan Cement

BY WONG SULONG IN KUALA LUMPUR

PRE-TAX PROFITS of Malayan Cement, the cement and property investment company, fell by 22 per cent to 18.2m ringgit (U.S.$7.4m) in the half year to May. The downturn was due to a glut of cement in Singapore, a slowdown in the construction industry on the island republic and Malaysia, and lower rentals from two office blocks in Kuala Lumpur.

After-tax profits were down by 42 per cent to 9.2m ringgit, and group turnover fell by 6 per cent to 120m ringgit.

The interim dividend is unchanged at 2.5 cents, to be paid from tax-exempt profits, but the Blue-Circle group of the UK, which holds 68 per cent of Malayan Cement, will not benefit from the tax-free dividend, and has waived its right to a future date.

Malayan Cement holds 50 per cent of Associated Pan Malaysian Cement, the biggest cement manufacturer in Malaysia, and a low cost producer since its two plants have been modernised at a cost of over 300m ringgit.

Prospects for cement are not bright, either in Singapore or Malaysia, as over-production is likely to increase with new cement plants coming into operation.

● Siam Cement Co., one of Thailand's largest concerns, has reported after-tax profits for the half year to June up 34 per cent to 553m baht ($20.5m) on sales of 6.75bn baht, a decrease of 3.7 per cent, AP-DJ reports from Bangkok.

The interim dividend is unchanged at 20 baht per share.

Rise for Esso Exploration

ESSO EXPLORATION and Production Australia, Exxon's wholly-owned Australian subsidiary, increased profits by 53 per cent to A$412m (U.S.$298m) from A$270m in the year to June on sales up 5.8 per cent to A$3.03bn, our financial staff writes.

The increase reflects increased production from the Bass Strait, where Esso is in partnership with Broken Hill Proprietary. Within this increase, more "new oil"—which attracts a lower rate of taxation than "old oil"—was produced.

PNG in further agreement with Ok Tedi

THE PAPUA New Guinea (PNG) cabinet has endorsed the fifth Ok Tedi agreement between the Government and corporate shareholders in the gold and copper project, said Mr Francis Pusal, the Minerals and Energy Minister.

The revised agreement clears the way for further development of the project and replaces an interim agreement signed in March.

Reuter reports from Port Moresby: The Australian, U.S. and West German companies holding shares in Ok Tedi Mining (OTM) signed the revised agreement earlier this week, ahead of the August 1 deadline.

The interim agreement allowed mining of the gold cap at Ok Tedi to continue and was reached after the PNG Government ordered the mine to close in February in a dispute over proposals for development.

The corporate shareholders wanted revisions in the timetable for copper development because of the decline in gold and copper prices and land stability problems at the mine site in the Star Mountains.

The new agreement provides for OTM to install copper processing equipment with a daily ore capacity of 30,000 tonnes by end-1988.

OTM may then be required to increase capacity to 45,000 or 60,000 tonnes a day if justified by an economic test based on such factors as prices and operating costs. It has an option to acquire a virtually new copper-ore processing plant from a closed mine in Utah.

The company is now processing 22,500 tonnes of gold ore a day and expects production of gold to stabilise at 64,000 ounces a month by January.

Ok Tedi has ore reserves of 410m tonnes and is expected to cost between $1.5bn and $2bn to fully develop.

The shareholders are the PNG Government (20 per cent), Broken Hill Proprietary (30 per cent), Standard Oil Co (Indiana) (30 per cent), Metallgesellschaft and Degussa (7.5 per cent each), and West German Development Co (5 per cent).

● The amalgamation has now become effective of Canada's Lac Minerals, Lake Shore Mines, Little Long Lac Gold Mines, and Wright-Hargreaves Mines. The continuing enlarged company, Lac Minerals, is one of the largest gold producers in North America, writes Kenneth Marston, Mining Editor.

Its shares are being listed on the Toronto, Montreal and New York stock exchanges. It is hoped that listings on the Paris and Brussels bourses will be made in September.

Meanwhile, it is expected that the first gold will be poured from Lac Minerals' Hemlo, Ontario, mine in December. So far Lac has agreed to sell forward 406,500 oz of gold at prices averaging U.S.$345.50.

● Portman Mining is to take a 63 per cent joint venture interest in a, reportedly, 235m to 450m tonnes magnetite deposit in the southern part of Western Australia. Funds of A$1.1m are to be raised via a rights issue and share placing.

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hill Samuel	§11½%
Allied Dunbar & Co.	11½%	C. Hoare & Co.	11½%
Allied Irish Bank	11½%	Hongkong & Shanghai	11½%
American Express Bk.	11½%	Johnson Matthey Bkrs.	11½%
Henry Ansbacher	11½%	Knowsley & Co. Ltd.	12 %
Amro Bank	11½%	Lloyds Bank	11½%
Associates Cap. Corp.	13 %	Edward Manson & Co.	12½%
Banco de Bilbao	11½%	Meghraj & Sons Ltd.	11½%
Bank Hapoalim	11½%	Midland Bank	11½%
BCCI	12 %	■ Morgan Grenfell	11½%
Bank of Ireland	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of Cyprus	11½%	National Bk. of Kuwait	11½%
Bank of India	12 %	National Girobank	11½%
Bank of Scotland	11½%	National Westminster	11½%
Banque Belge Ltd.	11½%	Northern Bank Ltd.	11½%
Barclays Bank	11½%	Norwich Gen. Trust	11½%
Beneficial Trust Ltd.	13 %	People's Trust	12½%
Brit. Bank of Mid. East	11½%	PK Finans Intl. (UK)	12 %
■ Brown Shipley	11½%	Provincial Trust Ltd.	12½%
CL Bank Nederland	11½%	R. Raphael & Sons	11½%
Canada Permanent	11½%	Roxburghe Guarantee	12 %
Cayzer Ltd.	11½%	Royal Bank of Scotland	11½%
Cedar Holdings	13 %	Royal Trust Co. Canada	11½%
■ Charterhouse Japhet	11½%	■ J. Henry Schroder Wagg	11½%
Choulartons	12 %	Standard Chartered	‖11½%
Citibank NA	11½%	TCB	11½%
Citibank Savings	¶12½%	Trustee Savings Bank	11½%
City Merchants Bank	11½%	United Bank of Kuwait	11½%
Clydesdale Bank	11½%	United Mizrahi Bank	11½%
C. E. Coates & Co. Ltd.	12½%	Westpac Banking Corp.	11½%
Comm. Bk. N. East	11½%	Whiteaway Laidlaw	12 %
Consolidated Credits	11½%	Williams & Glyn's	11½%
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		
Heritable & Gen. Trust	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 months' notice 11.26%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8% gross.
‡ 21-days deposits over £1,000 8.25%.
§ Mortgage base rate.
¶ Demand deposits 8%.
‖ See Provincial Trust Ltd.

INTL. COMPANIES & FINANCE

IU seeks to use spin-off concept to ignite its earnings potential

BY CHRIS CAMERON-JONES, RECENTLY IN NEW YORK

UNABLE TO secure a straightforward deal on wage cuts, a number of troubled U.S. companies have resorted to devious methods for reducing the wage bill during hard times. Some have succeeded by seeking protection from creditors under chapter 11 of the U.S. bankruptcy code.

Philadelphia-based IU International is attempting to take a more acceptable route to lowering the wage bill in its trucking subsidiary Ryder/P-I-E. After securing some improvement through cost cutting in other areas, it proposes to offer Ryder workers a stake of up to 49 per cent in the truck operator in exchange for a 15 per cent wages cut for five years.

If the deal wins approval from the union and workers, the management estimates there could be savings of up to $50m a year. The deal would also create an important incentive for employees. The rest of the shares would be distributed in a tax-free spin-off to the shareholders, who, it is hoped, would also be happy to find that two parts of the original IU were greater than the whole.

The spin-off concept is not new to IU holders. Twice in the last six years management has disposed of assets in this way—to the ultimate benefit of the investor.

As the shipping sector wallowed in the doldrums, IU found itself burdened with the millstone of Gotaas-Larsen, a capital intensive shipping business generating losses and weighed down with $410m in debt. It was spun off in 1979, since when performance has improved and its stock price more than doubled.

It is not just the loss-makers that get this treatment. Echo Bay Mines, the third largest gold mine in Canada, was 87 per cent held by IU and, to the outsider looked the right kind of valuable asset to keep for long-term support. But for the IU management it no longer fitted the direction the company was going. They considered it would be of greater value to shareholders as a separate entity and, perhaps more important in these days of greenmailers and wheeler-dealers, too much of an attraction to predators.

So Echo Bay Mines was spun off in 1983 and shareholders have seen their investment grow by more than 50 per cent.

The man behind the spinning wheel is Mr John (Jack) Gilray Christy, who joined IU in 1972 after seven years with ITT, and in 1982 became chairman. He points out that the policy has been paying off for, not only have the floated companies improved, but so has IU. Between 1979 and the end of 1983, total return to investors (dividends plus increase in share price) rose from 39 per cent to 94 per cent. In 1984 problems at Ryder

John Gilray Christy: giving more direction

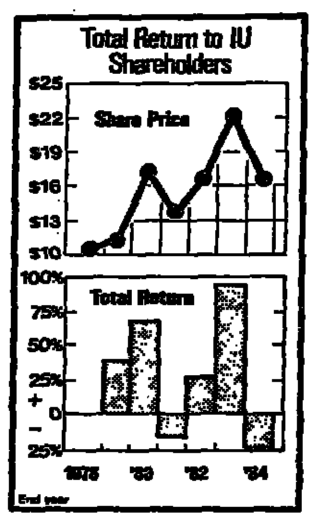
and the effect of depressed sugar prices on its agribusiness hit performance, giving the share price a sharp setback—currently down at about $13 from a high of more than $23.

Apart from the Gotaas-Larsen spin-off, the group has been reducing its debt from the burdensome peak of $1.2bn in 1978 to a projected level for the end of 1985 of under $300m, through a number of investment disposals. A 58 per cent stake in Canadian Utilities was shed in a stock swap, and 50 per cent of the wholly owned General Wate works was sold—both involved in a sizeable chunk of the debt mountain. In the last few weeks the rest of General Waterworks has been sold,

Less favourable short-term news for shareholders was the decision to halve the dividend from a level that the company described as a holdover from its days as a public utility

If the Ryder spin-off goes ahead, IU's trucking division revenues will be halved to $700m a year, representing a fall from about 60 to about 40 per cent of total revenues. The rest of the $2.55bn sales in 1984 came from distribution services (22 per cent) environmental services (9 per cent) and agribusiness (8 per cent).

But all this disposal activity begs the question: what is IU International? Technically, it was, and still is, a conglomerate. But Mr Christy is putting more coherence into its direction, seeing it as a service company.



Trucking interests make it the largest trucking organisation in the U.S. which, in better years, has produced net profits of about $60m.

Aside from Ryder, which is a general commodities carrier, most of the division is concerned with non-unionised freight operations. Using a highly automated system, IU offers truck loads to independent operators with their own tractor units. Unlike fleet operators, this activity does not require heavy investment in network terminals, tractor units or maintenance facilities because of the size of the business, efficient load availability and routing can be offered to the independent operators. This can mean, for instance, that an operator takes a load from New York to Dallas, where he could find another to return to his base and not have to spend several weeks on the road moving empty.

The distribution division comprises companies which market paper and food products to businesses and institutions in the south-east of the U.S., and includes the largest paper wholesaler in that region. In 1984 the division contributed $18.8m to group operating earnings.

The agribusiness is a 100,000-acre investment in Hawaii which last year generated earnings of $21.3m. The land was mainly devoted to sugar production but as the price of this commodity has weakened, more acreage has been turned over to the higher-value Macadamia nuts, making it the world's leading supplier. A real estate business has also been created which absorbs about 1,000 acres of the holding each year.

Now that the waterworks has gone, the environmental sector is solely concerned with industrial waste management and last year produced operating profit of $31.2m. The most interesting aspect is the metal recovery service, which has contracts with 80 steel mills in 16 countries. Metal is separated from the slag and sold back to the producer. The residue slag is washed and sized and then sold for use on railways, roads or as cement aggregate. This business is big in the UK, with its main contracts on Teeside and at Scunthorpe.

Mr Christy sees these four divisions as the main areas of future development for IU. If there was to be another spin-off in the short term, the agribusiness would be an obvious candidate, though, no such move forms part of Mr Christy's present strategy.

His immediate consideration must be getting the group, without without Ryder, back on the road. Unlike the rest of the trucking division, Ryder is a union-organised company. Its running costs are high in a competitive, deregulated industry. A fall in shipments, not matched by a decline in overheads, and a decision to back out of the less profitable short-haul sector pushed it to an operating loss of nearly $24m in the latest quarter to June. This was mainly responsible for the group turning in a quarterly net loss of $33.7m, equivalent to $1.25 a share.

So for the moment the Christy formula for growth has run off the map. The Teamsters union willing, later this year he may be able to restart the engine.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Channel link

Why financing may prove to be the trickiest factor

BY DUNCAN CAMPBELL-SMITH

DECADES of abortive planning and governmental indecision have set a credibility problem for the aspiring builders of a fixed link across the Channel. Their technical specifications may satisfy the experts—but can their ideas excite sufficient enthusiasm to sustain the necessary, wider support on both sides of the water?

This might have been a problem reserved for informed discussion along the corridors of power in Paris and Whitehall, had the project remained in the public sector where it languished for so long.

Instead, the UK and French governments decreed last November that no public funds would be involved. The credibility problem was instantly focused into private sector terms: can the world's capital markets be persuaded to accept the risk of a fixed link credit?

It is already clear that winning the market's support presents a challenge almost as daunting as the digging of long, super-tunnels or even the suspension of giant bridges across the sea. Either way, fixed link projects are emerging as an exercise, first and foremost, in financial management.

Thus, the absence of bank support for the Eurobridge Studies Group—which presented its proposals for a plastic bridge link at the Institute of Civil Engineers yesterday—has probably cost it dearly in terms of public attention for its technical ideas. Interest has been shown in the scheme by ICI, the John Laing construction group and others; but this has not yet led to any formal partnership plans nor to any public relations campaign.

"That may have reduced our credibility in the short term," concedes Lord Layton, the former British Steel executive who chairs the group. "But I am not at all worried by the financing—when the high feasibility of our project becomes clear, I am confident the financial backing will quickly be available."

Others hard at work on fixed link proposals, however, are taking a less relaxed view of the funding aspect.

"Relatively speaking, there isn't a technical challenge," says Quentin ("Q") Morris, the former group finance director of BP who was last month appointed financial supremo to the UK partners of Channel Tunnel, one of the two Anglo-French consortia bidding for the job. "Our project is proven technology, doing what has been done before. The question is: the money and where to raise it."

The prize for the correct answer could be a highly lucrative contract both to build and to operate a fixed link. Bids must be in by October 31 and the UK and French governments intend to select the winning name by early 1986.

For the unsuccessful bidders, it will have been a costly contest. Channel Tunnel is spending £4m on the preparation of its bid. Its main rival, Euroroute, will be at least £10m out of pocket if it loses. A defeat at this stage, though, could still fall well short of the sort of expenses awaiting any bidder unlucky enough to win the contest with the *wrong answers* to Morris's question.

Scuppered

For the list of booby prizes is long and daunting. The profitability of at least two of the proposed fixed links could in theory be scuppered if future traffic or tariff developments on the route left their ageing projections high and dry. Again, to take on the operating contract just as the Channel ferry fleets improved their competitive advantage in some, as yet, unforeseen way could be a booby prize of extravagant proportions.

But it is not just the competing bidders who are under pressure to ensure that the winner comes up with the right financial answers. Government civil servants in London and Paris have no illusions on this score—nor do some of the City's leading sceptics.

"If a Channel tunnel goes bust having once been opened, they're hardly going to fill in both ends and say: 'Let's forget it'," points out Richard Hanna, analyst at stockbrokers Phillips and Drew. "The Government at the moment is saying bravely that it has to be a private sector venture. But if that proves not to be viable, subsidies at some stage must be a likely prospect."

In short, there will be much at stake this autumn as all those involved sit down to begin the selection procedure. Not surprisingly, Whitehall is taking pains to appoint a wide range of professional consultants — and a financial adviser from the City is due to be announced early next week.

By what criteria will the bidders' financial plans be judged and how are those plans progressing?

There will be studies galore by the time any decision is taken.

But the single issue addressed by all the paperwork is simple enough: what financial return can a fixed link operator rely upon? "If the returns are adequate, I don't envisage any difficulty whatsoever in raising the money," says Sir Nigel Broackes, chairman of Euroroute. "If they are not adequate, then we are all wasting our time."

Eurobridge claims that a 12-lane motorway could yield a return of 22 per cent. All its figures seem certain to be challenged in the months ahead; but the implication that a return somewhere around 20 per cent may be needed looks reasonable to many City analysts.

For every bidder must seek to satisfy itself and the Government that it can be sure of sufficient cross-Channel traffic and high enough tariffs to produce a return which will induce the world's banks to finance it through the construction phase.

The construction debts will then be repaid by some combination of cash flow from operations once the link is opened and from refunding in the world's equity and fixed capital markets. What combinations might be possible—and how much project financing will be available in the first place—will need full appraisal on the basis of a wide range of operating assumptions. And a suitably wide range of banking talent has been recruited by the Anglo-French consortia.

It includes several of the leading French banks, whose close involvement from an early stage has undoubtedly been a key factor in recruiting French contractors like GTM Entrepose, Alsthom, Dumez and Spie Batignolles as partners.

The French finance team backing Euroroute is led by Société Générale and Banque Paribas, both of whom are partners in the consortium. Its rival, Channel Tunnel, has three banking partners: Banque Nationale de Paris, Credit Lyonnais and Banque Indosuez.

Despite the commercial banking muscle evident in the French camps, however, it is probably fair to say that the main thrust of the special financial planning for these consortia is at present coming from the City.

Project finance teams from Morgan Grenfell and Robert Fleming are advising Morris at Channel Tunnel. They see the construction time and costs as relatively straightforward variables, as too are the inflation and interest rate guesses. But the passenger and freight traffic revenues—especially in money terms rather than just units—are the factors which make the fixed link a very different proposition from, say, a coal mine. Some of the most critical questions emerge as matters of value judgment.

"If you look at any traffic project done anywhere in the world, people have had exactly this same problem," says John Franklin, head of the Morgan Grenfell team. But he feels encouraged by the extensive talks already held with a number of international banks. "We have got to prove that we have a financial plan at the end of the day which fits into the parameters of a normal project financing."

Euroroute has the same basic goal but the much more ambitious scale of its technology—envisaging two bridge sections into the Channel, leading to spiral roadways down to an immersed tube on the seabed—obviously entails heavier and more complex financial arrangements.

This has not deterred merchant bankers Kleinwort Benson from joining Euroroute as a UK partner. Indeed, Kleinwort has switched horses in a sense, having worked alongside Morgan Grenfell and Fleming at Channel Tunnel until earlier this year.

Strenuous efforts were made to avert its resignation as a Channel Tunnel adviser but there was "a basic disagreement about the role proposed for the various banks, as between the original three merchant bank advisers and National Westminster," says Patrick de Pelet, Kleinwort's project team leader. So Kleinwort left—and was approached by Sir Nigel Broackes only a few days later with an offer to join Euroroute, which it accepted early in April.

Wearing its new hat, Kleinwort is no doubt aware of the greater investment challenge which Euroroute is presenting to the City — the bank is already working closely with stockbrokers Cazenove as well as consultants from Coopers and Lybrand.

The scale of the challenge is readily appreciable. Euroroute's £7bn cost estimate is apparently based on interest rates of about 11 per cent and a 6 per cent inflation rate. Sir Nigel Broackes has himself talked of returns of 17-20 per cent as the target, which might imply profits of up to £1.4bn pa for Euroroute.

But brokers Phillips and Drew estimate total traffic revenues for Dover today at rather less than £500m. Clearly, the volume of growth in cross-Channel traffic is going to have to rise above the 5 per cent recorded over the last decade or so if Euroroute is to achieve by the 1990s the profitability it envisages — even accepting, as some in the City do not, that £7bn looks a realistic cost estimate.

Such early calculations as these, of course, may bear no relation whatever to the numbers which eventually emerge; but they do suggest how hard Whitehall may need to scrutinise the bidders' plans for selling bonds and even equity shares of one variety or another to the wider public. And while the risk-and-return balance inevitably looks more complicated for Euroroute — given its grander ambitions — there are many other broad problem areas of equal concern to both the Anglo-French consortia, Eurobridge and any other bidders who reach the October deadline (see box).

Reviewing them, the civil servants might wonder before the year is out whether they can really hope to reach a reasoned judgment on the bids within 100 days, as Mrs Thatcher has promised will be done.

Perhaps reactions within the City will offer Whitehall some assistance in weighing the feasibility of the plans on offer — but it must be at least as likely that the majority of potential lenders and advisers to such a huge project will be careful to hedge their bets.

The Government and its advisers will be wary, too, of financial plans based too heavily on the evidence of the contracting firms tied into the bidding consortia. The contractors, after all, will be hoping to have made their profits before the fixed link even goes into operation.

Bid consortia will accordingly be expected, in presenting themselves as candidates for future investment, to distinguish between partners seeking to own and manage the operating concession on the fixed link and partners seeking only to build it.

However fantastic some of the submitted link designs may yet appear, it could still be those in the first category who face the bigger credibility test.

All the ingredients of a 'classic textbook high risk project'

● Sensitivity testing will be required to show in detail the effect on financial planning of changes in all key variables, including the current interest and inflation rates. The fixed link scheme, says Laurence Krantz, chief executive of Enrolog which is a private company with extensive experience of sensitivity testing in the North Sea, "has all the ingredients of the classic, textbook high risk project." The response of the Channel ferry industry will present a classic variable on the competitive front, for example. Will the ferries try to compete on prices — Euroroute thinks it might charge a premium to the ferry fare, while Channel Tunnel anticipates a discount—or will the ferries move away from the mass market in search of a narrower focus?

● Bidders will need to show their understanding of the problems of over-running a time schedule, with all the attendant cost dangers. Memories of the North Sea will no doubt reverberate for both Quentin Morris at Channel Tunnel and for Kleinwort Benson's de Pelet, who used to head the petroleum and mining division of the International Energy Bank. But Morris insists the lessons there are encouraging. Completion of the first deep-water well in the Forties Field slipped by a year, helping to push costs from £400m to £1.4bn. BP then completed its work in the Magnus Field, says Morris, on time and at less than budgeted cost, thanks to the lessons learned elsewhere. Channel Tunnel, he claims, has similar precedents to help it.

● Public flotation plans will have to be tailored to suit an investment which looks most unlikely to resemble British Telecom, say, in anything but scale. The refunding in the 1990s of huge rolled-up construction costs might well call for innovative work in the bond markets; but both Channel Tunnel and Euroroute have openly stated their determination to sell ordinary shares if possible. As Anglo-French consortia, this would presumably entail heavy marketing by them in France as well as the City and other UK financial centres — though the past failure of privately-financed French autoroutes may temper optimism in that respect.

TECHNOLOGY

EDITED BY ALAN CANE

Ferment over the testing of Austrian wines

In the race to track down contaminated wine, Jane Rippeteau finds analysts turning to various testing methods—some of them better than others

THE SCANDAL over diethylene glycol contamination of Austrian wine, now spreading to West German and possibly other European wines, caught public authorities and retailers in the UK by surprise. And in their race for fast answers on the seriousness of the problem, they pressed into service a variety of analysis firms that have had to proceed quickly, with instruments at hand and without a standandised procedure to follow.

Because of the disparity among procedures, the veracity of test results "depends on who is doing the testing," says Dr Susan Richardson, a director and chief chemist at Herd and Mundy in Stockport. "There is a potential danger in case lower levels are not being detected," she adds. Herd and Mundy is advising a confidential private client, and has tested fewer than 100 bottles of Austrian and German wines so far, with no alarming results.

Dr Richardson notes that the procedure to test for diethylene glycol is fairly simple, but that laboratories are competing and do not necesarily communicate with one another over how tests are carried out. Dr Richardson would not, for instance, reveal details of her own test procedure because she feels that the methodology is is proprietary to her firm.

Concern about fragmented testing has been minimised because the contamination levels found so far are not believed to be especially harmful. The chemical, however, is not a permitted food additive, and the Government is hoping to co-ordinate testing to minimise the amount of incompatible data and the danger of polluted wines being listed as pure.

Di-ethylene glycol is used in the chemical industry as a solvent and ingredient of plastics. It is less harmful than ethylene glycol, the substance used in anti-freeze, experts say.

So far the Government has found 18 contaminated wines out of 157 tested, the total number so far supplied by importers. All but two, from West Germany, were Austrian. Only about 900,000 litres of Austrian wine are imported into the UK each year and the Government stresses that it does not believe the contaminated wine is prevalent in the UK.

Among the most precise testings underway is that at the Ministry of Agriculture's Food Science Laboratory in Norwich. Under the direction of laboratory chief Dr David McWeeny, a team of seven technicians is using a mass spectrometer for positive identifications of diethylene glycol.

Technicians first screen the wine using a gas chromatograph, a less specific technique that will indicate whether or not a component having the characteristics of diethylene glycol is present. If this test is positive, the laboratory then goes a step further and runs a sample through its mass spectrometer, a sophisticated machine that can identify specific molecules comprising diethylene glycol and show in what quantity they are present.

By contrast, most of the private laboratories that have been retained by county councils and retailers to test the wines stop at the chromatograph stage. "We had to use the equipment we had on hand," says Mr David Dunn, partner in A. H. Allen and Partners, an analysis firm retained by South Yorkshire County Council. "We were told results were needed urgently," he says, adding that although the government's equipment is much more precise, it costs 10 times as much.

The Government is also somewhat concerned that among laboratories using gas chromatography, methodologies differ widely. Says Dr McWeeny: "Most labs are using the same basic technology, but in variations." For instance, he says some place their wine samples into an open capillary tube, and others use a tube packed with one of several different types of materials. These materials absorb the components of the wine to different degrees, causing them to separate into a column of individual components so that when they are next ejected into a detctor, they will come out of the column in a particular and characteristic order. Also, a variety of different detectors are used. Still another method employs liquid chromatography in which analysis is done at room temperature instead of in gaseous form.

The shortcoming of all of the chromatograph methods, says Mr Dunn of A. H. Allen, is that a researcher is forced to rely on the characteristics of the component sought, rather than a postive identification. Diethylene glycol is detected "in a certain length of time after it is injected," he says. This charactertistic distinguishes it from other components present. It is something of a process of elimination, he admits. "We say, 'it appears to be this and it's not that, so it must be this.'"

He adds that his procedure, using liquid chromatography, can detect levels as low as 0.04 per cent.

Some local authorities are attempting to co-ordinate test procedures on their own. Mr Bob Wright, chief consumer protection officer for South Yorkshire says he is collaborating with five other metropolitan counties. He says that he has submitted for testing some 20 different varieties of wines brought in by consumers, wine traders and investigative officers visiting retail outlets.

At least three brands, the same as those named by the Government, were contaminated. Officials in Avon also report finding four contaminated bottles among 40 tested. Two are in addition to the Government's list.

Austrian wine is being tested worldwide. This Pennsylvania Liquor Control Board chemist found two contaminated brands out of 17 tested.

OF 151 bottles of wine tested by the Ministry of Agriculture, 18 have been found to contain diethylene glycol in quantities as low as 0.01 per cent. The contaminated wines include:

1983 St Margarethener Auslese.
1983 St Margarethener Beerenauslese.
1984 St Margarethener Spatlese.
1982, 1983 and 1984 St Georgener Spatlese.
1984 Monchofer Beerenauslese.
1981 Ruster Beerenauslese.
1983 Rust Neudsiedlersee Spatlese.
1980 Apetloner Gewurztraminer Trockenbeerenauslese.
1982 Vagabund Mullerthurgau Klosteneuberg.
1982 Gewurztraminer Klosterneuberg.
1979 Rommerbruch Gewurztraminer Beerenauslese.
1983 Gloriette Welschriesling.
1983 Albiger Petersberg Optima Beerenauslese.
1983 Framersheimer Kreuzweg Huxelrebe Auslese.

Two other samples were taken from bulk supplies imported from Austria but not yet bottled.

Holograms offer fresh view of defects in materials

A TEAM OF engineers in the U.S. is attempting to extend the use of holograms as a means of testing for defects in materials in the engineering industry.

The group, at the newly-established Center for Applied Optics at the University of Alabama at Huntsville, aims to transmit coded signals representing holograms — three-dimensional "photographs" — along thin cables of optical fibre.

With this technique, the researchers think they will be able to obtain holograms of parts of engineering structures to which access is difficult. For instance, the holograms could be "piped" along the cable from the interior of a hot aero engine.

In other work, the centre is trying to devise automated techniques to analyse the holograms obtained in testing routines.

Normally, skilled workers have to pore over the holograms for several minutes to detect faults in the material in question.

With an automated system, similar to the computerised image-analysis equipment that can scrutinise the content of ordinary photographs or TV pictures, examination of the holograms could be speeded up.

To produce a hologram, light from a laser source is reflected from the surface of an object onto a plate coated with a special chemical emulsion. Another beam from the same source is transmitted by a lens system to the plate without meeting the object on the way.

The rays from the source are all in the same electromagnetic "phase" after they leave the laser. But by the time the two sets of radiation meet on the plate, the phase of one of the beams has been shifted slightly due to its reflection from the surface of the object. The degree of shift depends on the object's shape and structure.

The emulsion on the plate records the pattern caused by the physical interference between these two "out of phase" beams. This gives three-dimensional information about the object in question, which is stored in a chemical form in the molecular structure of the emulsion.

Access to this information is gained first by developing the chemical and then by beaming onto it light of a suitable wavelength and intensity. The result is that the viewer sees an image in three dimensions of the object of which the hologram has been made.

In non-destructive testing using holography, engineers make two or more holograms of an object such as a turbine blade. One of the holograms is made when the object is unstressed and others are obtained while the material is subjected to a force of some kind, for instance vibration.

Analysis of the images from the holograms provides data about cracks or defects in the structure that may come to light only after the object is subjected to wear and tear. In this way, researchers can spot faults in products before they occur.

Testing techniques based on holography—used routinely by companies such as Rolls-Royce in Britain and United Technologies in the U.S.—are normally applicable only for objects that can be fitted easy into place in laboratory equipment that illuminates them was laser light.

To take holograms of, say, a cylinder ring in a car engine while the ring is subjected to stresses inside the engine is virtually impossible using current techniques.

With fibre piping, it may be possible to test such engineering articles while they are in use, a significant advance.

One problem to be overcome is to ensure that the radiation to and from the object is not attenuated or distorted as the beams travel along the fibre, something that could affect the accuracy of the hologram and destroy the point of the testing.

PETER MARSH

Radio can help keep track of trains

RAILWAY chiefs could check automatically on the late-running of trains with a novel radio communication technique under development at Marconi Communication Systems of Chelmsford.

Trackside radio stations would send messages to locomotives equipped with receiving equipment. Each train would "listen out" for its own, unique signal—identified by a specific code.

On receiving the message, the vehicle would transmit another signal, giving its position on the track and other information, for instance, the number of passengers on board, and reports of any technical problems.

The trackside stations would relay data to a central computer that could keep railway managers in touch with all the details about trains on a particular section of a line.

Marconi thinks that with modern radio techniques railway operations in many parts of the world could be revolutioned. An obvious application of such systems is to put drivers in touch with a central office via two-way radio.

Instead of carrying coded signals, the radio network that links trains with a base via trackside equipment would transmit voice messages.

Marconi is installing this equipment under a £2m contract for Iraq's New Railway Implementation Authority.

In the past decade, railway and electronics companies have collaborated in discussing common standards for rail communication systems. These are necessary if trains are to be able to receive and transmit messages using equipment made by different manufacturers.

The Union International de Chemin de Fer, the international railway body, has now finalised work on the standards which could, according to makers of rail communications hardware, promote the acceptance of new equipment among rail authorities.

Marconi is aiming its equipment at countries which have large, well-developed railway systems such as the U.S., India and China.

Track-to-train communications hardware has to satisfy several technical objectives. The trackside stations have to transmit on at least three different frequencies.

This is to avoid interference at the locomotive's radio which would occur in the areas of overlap between stations transmitting on the same frequency. Different frequencies can be reused after a suitable distance interval.

Under this arrangement, the train receiver would contain electronic equipment that would enable it to select automatically the frequency appropriate to the part of the track on which it was travelling.

Mitsubishi hits on the plastic nail

THE ERA of the plastic nail has dawned, according to Mitsubishi Gas Chemical of Japan.

The company has developed a new elastic engineering plastic, called Reny, that can be a substitute for metal. It is based on a special polyamide plastic reinforced with fibre, made from carbon or glass for instance.

The company says the plastic should find applications in building materials, electronic and electrical components, and car parts. The plastic, which Mitsubishi plans to make at the rate of 2,000 tonnes a year, has high mechanical strength and a low rate of thermal expansion.

It can be moulded and baked, according to the company, and will sell at Y1,000 a kilogram, about the same as general engineering plastic.

Computers help fatten sheep

ANIMAL researchers are turning to computers to work out the best way to fatten up sheep.

The Animal and Grassland Research Institute at Hurley, Berkshire, is using a hand-held computer, made by Husky of Coventry, to calculate weights of sheep after they have grazed on particular types of grass.

By recording the weight of an animal after eating different types of grass.

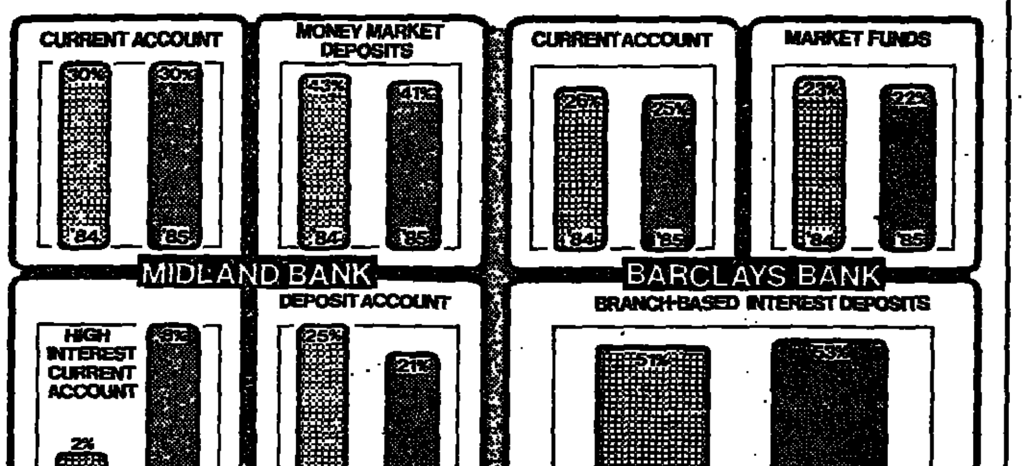
By recording the weight of an animal after eating different grasses, the researchers hope to advise farmers on the most suitable nutrients for their livestock.

The Husky computer collects 200 weight readings for each animal.

With a special suite of software, the computer correlates the weight of each animal with the time when the reading was taken, soworking out the animal's growth.

UK COMPANY NEWS

Barclays offsets higher bad debts



Barclays, the largest of the UK's clearers, yesterday unveiled a 40 per cent increase in half-year profits, marking the first results since the integration of its UK and international banks.

The profits, up from £308m to £431m pre-tax and accompanied with a 7 per cent dividend increase, were towards the top end of wide-ranging City estimates and were struck after a £19m increase to £250m in the charge for bad and doubtful debts.

The increase in provisions stemmed from the specific account, up from £195m to £230 excluding recoveries, while the general account was down £12m at £30m. Recoveries of amounts previously written-off amounted to £10m (£6m).

Sir Timothy Bevan, the chairman, said that "within our UK operations the clearing bank has performed very well. A significant contribution to this success comes from our continued drive to contain and recover costs."

Barclays says that in the UK volumes had risen in the clearing bank and lending margins had been maintained, and was pleased with the continued buoyancy of lending to small businesses.

There was still, however, fierce competition for retail funds though the recent introduction of higher rate deposit accounts proved particularly successful in attracting depositors. Non-interest income, the bank says, continued to grow at a faster rate than overheads which were closely controlled.

However, while many overseas areas returned better results South Africa's depressed economy again affected the return on the shareholding in Barclays National Bank — profits from South Africa were £7m lower at £20m.

Banking and credit card operations at home contributed a much higher £284m, against £170m, and almost entirely accounted for a £124m rise to £363m achieved overall in the UK. The Mercantile Credit Group returned a higher £36m (£23m) but other UK companies were lower at £33m (£39m). Barclays Merchant Bank Group registered a £3m rise to £10m.

In addition to the problems in South Africa, the group showed a £2m fall to £17m in the United States but the rest of the world improved by £8m to profits of £31m.

Referring to the integration, the chairman said that "we are already seeing the benefits, particularly with combined treasury operations."

He added: "Our capital base is strong, having benefitted substantially from the net proceeds of £507m from the rights issue, retained half-year profits of £116m and the recent $600m issue of primary capital notes. Our free capital ratio has risen from 4.8 per cent at the end of 1984 to 6.5 per cent today."

First-half tax rose £55m to £197m, and after minorities and other debits of £2m (credits £12m), attributable profits amounted to £224m (£166m).

Earnings per £1 share advanced from 28.3p to 37.7p and the interim dividend on the enlarged capital is being raised to 8.4p, against 7.85p.

Barclays' shares at the end of yesterday's dealings showed a gain of 17p to 392p, giving a market value of £2.68bn.

See Lex

Burton and Debenhams head for cliff hanger

By Martin Dickson

Burton Group's £550m takeover bid for Debenhams is heading for a cliff-hanging finish this afternoon, with both Burton and rival House of Fraser steadily buying shares in the market yesterday in an attempt to swing the battle in their favour.

House of Fraser, which this week entered a co-operation agreement with Debenhams that is dependent on Burton's bid failing, held 22.67 per cent of Debenhams shares by yesterday evening. Further buying during the day will have lifted it towards the 24.5 per cent it aims to hold before the Burton bid closes.

Burton's holding topped 11 per cent yesterday and the company said it might well be buying in the market today to take the total to the 15 per cent maximum it is allowed under the takeover code.

The buying helped push up Debenhams share price 11p on the day, to close at 317p. That compares with a Burton shares and loan stock offer worth 332p on the basis of Burton's closing price last night of 454p, up 2p. There is a 327p cash alternative.

Analysts were expecting an extremely close finish. The result has been made particularly hard to judge by the amount of trading in Debenham's shares during the bid, which may have significantly changed the company's shareholder profile.

The stake held by small investors is likely to be particularly significant, for they are usually the most tardy group of shareholders to accept the offer.

Debenhams claims that up to 30 per cent of its shares are held by small investors, but Burton yesterday challenged this, suggesting that the total had fallen below 20 per cent during the course of the bid.

Burton has had a team of telephone canvassers ringing individual shareholders seeking their support and, in a highly original move, has offered to receive acceptances at branches of its shops.

However, Debenhams claimed last night to have received complaints of "harassment" by Burton from a number of small investors.

Greenfield cash call to be privately underwritten

BY FRANK KANE

Greenfield Blacks, the troubled camping and leisure group, has decided on a privately underwritten rights issue in an attempt to repair the damage following the merger last year with the loss-making Greenfields Leisure.

The cash call was unusually revealed in the annual report and accounts, published yesterday and qualified by the group's auditors as to the group's "going concern basis."

Mr Murdoch Morrison, the chairman, announced in his statement to shareholders that a circular was being prepared with regard to the issue, and that it would be distributed within two weeks.

However, Mr Jim Higgins, the group's finance director, said yesterday that the issue would be underwritten by unspecified "friends and associates" of Mr Morrison. The group's brokers, L. Messel and Co, would not be involved in the underwriting, he said, but they had intimated that they would recommend the issue.

Mr Higgins agreed that the group's share price—currently close to the 10p par value—left little room for a discount, but he hoped that some small shareholders would take up the issue. Mr Swarj Paul's Caparo Properties holds a 14.02 per cent stake.

Write-downs and rationalisation costs associated with the Greenfields stores contributed to the pre-tax loss of £3.51m which Greenfield Blacks reported for the 16 months to March 2 1985, compared with a £153,000 loss for the previous 12 months.

Mr Morrison's statement indicated that the Greenfields problems had continued into the first quarter of the current year, and he said the profitability of the group's other operations—the Blacks leisurewear and camping operations and the Emicare toiletries business—would need to absorb these losses before overall group profitability was achieved.

He said the rights was needed to repair damage done to group liquidity and the asset base. The balance sheet shows net current liabilities increased from £1.93m to £4.29m over the 16 months, with total capital and reserves standing at £3.27m.

Bank loans and overdrafts increased from £3.51m to £5.13m, mainly secured by a fixed and floating charge over the group's assets. Cash in hand and at the bank totalled £12,000.

The company's auditors, Harold Everett Wreford, prepared the accounts on the assumption that the group "will continue to receive the support of its bankers (and major creditors) and that it will trade within its available resources for the foreseeable future."

Wreford is not to seek re-appointment as auditor, and will be replaced by Peat, Marwick, Mitchell & Co, subject to the approval of the annual meeting on August 23.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barclays .... int.	8.4†	Oct 9	7.85	—	16.33
Peter Black	1.1	Oct 7	0.98*	1.63	1.45*
CSC Investment ... int.	3.6	Sept 20	3.5	—	8.5
Electron House‡	1	Oct	—	1	—
Johnstone's Paints§ int.	3.9	Oct 22	1.77	—	4
Lister & Co.	0.25	—	0.1	0.25	0.1
Midland Bank ...... int.	11	Oct 1	11	—	25.5
St Andrews Trust ... int.	1	—	0.83*	—	2.57*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Crocker upturn lifts Midland to £151m

Midland Bank has matched City forecasts with an increase in interim taxable profits from last year's depressed £70m to £151m but the charge for bad and doubtful debts was higher than feared.

As expected, the interim dividend is being held at 11p for the third year running. The payment is covered twice by earnings of 22.5p, against 25p, per share.

Before accounting for the bad debt provisions all three of Midland's division registered improvements in trading profits; domestic operations notched up an 18 per cent rise to £189m, the international side excluding Crocker rose 89 per cent to £83m, and Crocker itself improved 9 per cent to £48m.

Although the bad debt charge was £9m lower at £182m, analysts had been looking for a reduction of around £40m following the recovery at the troubled U.S. subsidiary, Crocker National.

Provisions at Crocker were down considerably from £124m to £39m but the gain was almost overturned by substantial increases on the domestic side and elsewhere on the international front.

Mr Geoffrey Taylor, group chief executive, yesterday dismissed as cynical the suggestion that Midland had increased bad debt provisions merely because it could now afford to. The rise on the domestic side, from £41m to £71m, was due to "areas of difficulty in personal and small business lending" as well as "two or three large companies," he said.

And on the international front, where provisions excluding Crocker soared by £46m to £72m, there was a need for "caution on lending to problem countries. We have a policy to ensure that treatment is conservative and consistent."

"We believe we are making some progress," said Sir Donald Barron, the chairman, who added that the major parts of the group were performing well and the rehabilitation of Crocker was proceeding.

Expanding on Crocker's prospects, Mr Taylor said: "We don't want to be optimistic about the economic situation in southern California. But we expect Crocker to stay in profit in the second half of the year."

Elsewhere, he said that Midland was continuing its policy of selling businesses in which "we do not have full management control and consolidating ownership of those where we do."

During the six months to June 30, the remainder of Crocker was mopped up and Wednesday saw the completion of the re-acquisition of the 40 per cent stake sold three years ago in Samuel Montagu. Mr Taylor also mentioned the sale of interests in EBC, EAB and Ship Mortgage International Bank, and said that discussions on the sale of 3i were continuing.

Samuel Montagu, he said, was on an upward trend "after a difficult time in 1984" and that the merchant bank's full results would be disclosed from now on.

Midland's mortgage business had a better second quarter after a barely profitable first three months. Commenting on the loan market, Mr Taylor said the personal sector was buoyant while the corporate sector was flat.

Although retained profits for the half-year were only £4m higher at £29m (mainly due to a below the line £41m swing in minorities), Sir Donald said there had been a significant increase in the strength of the balance sheet.

In addition to the results, Midland also claimed a big success on the introduction of free in credit banking on current accounts. The bank said a total of 300,000 new accounts with an average balance of £300 had been opened.

See Lex

Lysander placing on the USM

BY LUCY KELLAWAY

Lysander Petroleum, an oil and gas exploration company based in the U.S., is joining the USM via a placing by Barclays Merchant Bank.

Four million shares are being placed at 64p a share, to raise £2.3m for the company after expenses. The placing price values Lysander at £10.5m, compared with the discounted (at 10 per cent) value of income from proven reserves of $26.1m (£18.6m).

The company, which was formed in November 1983 by Mr Roy Williams, an ex-solicitor, operates mainly in Colorado, Arkansas and Oklahoma where it has estimated proven reserves of 1.4m barrels of oil and more than 11bn cu ft of gas.

The prospectus, published today, emphasises that all acreage is in low risk areas, and that Lysander controls its own assets rather than operating as a minority partner.

It has currently arranged for a $1.8m non-recourse finance agreement with U.S. oilfield service companies. This money, together with £1.1m of the placing proceeds, will be used for the company's 1985-86 drilling programme.

Clay lifts profits 55% and repeats bid advice

BY RICHARD TOMKINS

Richard Clay the bookprinter, facing a £12.2m takeover bid from McCorquodale, the specialist printing and packaging group, yesterday reported a 55 per cent increase in interim pretax profits to £992,000 (£642,000), and repeated its advice to shareholders to reject the "totally inadequate" bid.

Clay said substantial growth had been achieved in overseas markets and in new products. Turnover increased by 6 per cent to £11.523m (£10.804m) but this masked a stronger underlying increase following the closure of its loss-making Singapore operation.

Earnings per share rose to 6.42p (3.75p) and an interim dividend of 2p (1.3p) has been authorised. Clay forecasts a dividend of not less than 6p for the year, against 3.75p last time.

McCorquodale's offer is 10 of its ordinary shares for 11 of Clay's, which values each Clay share at 127p. Clay's share price was unchanged yesterday at 152p and McCorquodale's was unchanged at 140p.

There is a cash alternative of 130p a share. The offer is underwritten by Kleinwort Benson, the merchant bank.

In a letter to shareholders Clay says the focus of its business in growth areas "can only be diffused and weakened by McCorquodale's conglomeration of printing and publishing interests."

The only business logic to the move is that McCorquodale badly needs Clay to enhance its own position in book printing, the letter says, and acceptance would reduce the income of a Clay shareholder by 13.6 per cent.

Electron House ahead of forecast with £410,000

Electron House, the electronic component distribution group which joined the USM in April, has beaten its prospectus profits forecast. Against a projection of £375,000, pre-tax figures for the year to May 31 1985 came out at £410,000. On a pro forma basis, the previous result was £234,000.

Although the directors say it is too early in the current year to make a forecast, they expect to report a satisfactory outcome.

All group divisions contributed to the 75 per cent profits increase. The continuing growth in sales and profits is the result of servicing a broad spread of markets, both in the UK and overseas. Exports account for 30 per cent of sales.

This policy is being maintained and further investment is being made in sales personnel to improve market share.

The company is actively discussing a number of attractive acquisitions which, if successfully concluded, will expand the group's market coverage and profitability.

As forecast in the prospectus, the dividend for the year is 1p net. Stated earnings per share were up from 5.3p to 6.4p, based on the average number of ordinary shares in issue during the year.

Turnover increased from £5.16m to £6.3m—sales of £6.2m had been forecast. Profit on ordinary activities amounted to £395,000 (£226,000) and on other activities £15,000 (£8,000). Tax took £124,000 this time and attributable surplus emerged at £286,000 (£183,000, after extraordinary charge of £51,000).

St Andrew Trust raises net asset value by 22%

AT THE halfway stage St Andrew Trust has reported net asset value up by 22 per cent, compared with a year earlier. At the end of June 1985 nav per share, after deducting prior charges at par, was 135.9p (111.2p) and at market value 137p (112.2p).

On gross income of £808,000 (£726,000), pre-tax profit rose from £615,000 to £634,000. The interim payment is 1p compared with last year's 0.83p, adjusted for the two-for-one scrip issue in February. Last year a total equivalent to 2.567p was paid on pre-tax profits of £1.39m.

The board says that with a well-constructed international portfolio of smaller growing companies, the trust is strategically placed to do well in the present uncertain markets.

The pre-tax figure was struck after interest charges of £59,000 (£27,000) and management expenses of £115,000 (£84,000). The tax charge was £214,000 (£219,000), leaving earnings per share at 1.19p (1.12p).

Increased loadings are understood to have nothing to do with the repeated warnings given by Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, that his country intends to produce its quota of up to 4.35m barrels a day under the Organisation of Petroleum Exporting Countries' current ceiling of 16m b/d.

He gave no date for fulfilment of this objective in line with his Government's policy first stated in June, but forecast a recovery in demand for oil from the end of August.

UK COMPANY NEWS

Stefan Wagstyl looks at Norwest Holst ahead of its market return

Memories that are hard to forget

THE RETURN to the stock market of Norwest Holst will revive more than a few troubled memories.

Although they are memories that the group insists belong to the past, the events they recall will inevitably influence the reception the company is likely to meet when it comes to the City to raise £60m or more in September.

For the truth is, that property entrepreneur Mr Raymond Slater, the man who took over the company in controversial circumstances in the 1970s, is also the man who created the construction, civil engineering and property group as it stands today.

It is Mr Slater who has been behind a thorough reorganisation of the group which has brought it from a pre-tax loss of £1.9m in 1980 to £6.1m profit in the year to March. And it is Mr Slater's influence which has pushed the group into a far greater, and far more successful, involvement in property development than it had ever had before.

Indeed, Mr Philip Newbould, aged 40, who has taken over from Mr Slater as group chairman, goes further: "I believe that Norwest Holst would not have survived without Raymond Slater's intervention in its affairs."

So who, then, is Mr Slater? Why is he selling 100 per cent of a company he fought so hard to win? And what is the future of the group once he has gone?

Mr Slater himself was unavailable to talk this week, reinforcing a reputation he has for being shy, if not secretive. Aged 51, he worked as a surveyor and estate agent in the North-West before beginning to invest in property on his own behalf.

In 1972, he and his partner Mr John Lilley and others started buying shares in Norwest Holst.

The Cheshire-based company had been founded in 1923 by Mr Noel Le Mare, owner of racehorse Red Rum. It was said of Mr Le Mare, who died recently in his 90s, that he achieved three great ambitions — to build a successful company, to marry a beautiful woman and to own the winner of the Grand National.

By the 1970s, Mr Le Mare was playing an increasingly less active role in the company's affairs, and Norwest Holst's profits were flagging.

Mr Slater saw his chance and through his company, Stonegate Securities, built up a 35 per cent stake in the company, about equal to that held by the Le Mare family. He and Mr Lilley joined the board.

According to the Department of Trade inspectors there followed "a sordid battle for control" of Norwest Holst, in which Mr Slater and Mr Lilley were able to build up a majority stake in the group and eventually overcome the opposition of the Le Mares.

How this was done is a matter of dispute. The inspectors recommended that Mr Slater and Mr Lilley should be prosecuted under the 1967 Companies Act. The Director of Public Prosecutions disagreed. Mr Newbould says that Mr Salter has always denied the inspectors' allegations.

Norwest Holst's commercial activities were as unsettled as its boardroom in these years. The group recovered from a £3.87m loss in 1975, caused largely by exceptional charges on land values following the collapse of the property market, to make a profit of £5.4m pre-tax in 1979.

But in 1980 the group plunged to a £1.87m loss after exceptional provisions at Marshall-Andrew, a refurbishing company bought a year earlier.

Since then the company has recovered steadily, despite continuing difficulties at Marshall-Andrew. Profits grew from £1m pre-tax on turnover of £167m in 1981 to £6.1m on sales of £222m in the year to March. The group is likely to come to market with a forecast of at least £10m pre-tax for the current year.

This has been achieved in part by sticking with the group's traditional activities in construction and civil engineering, despite depressed markets. Norwest Holst managed the building of the International Garden Festival in Liverpool and of a civic centre in Swansea; it has built part of the M74 motorway in Scotland. The company has also maintained its specialist companies in earth-moving, heavy plant installation and in pipe-laying notably for the North Sea oil and gas industry.

But in most of these areas, as Mr Newbould admits, "growth has been steady rather than spectacular." The real source of the company's expansion has been in property development, which now contributes about one-third of group profits.

Norwest Holst has developed shopping centres in Hexham and Leeds, and offices in Bristol. Its particular strength is in retail projects, says Mr Newbould.

A former group executive admires Mr Slater for pushing Norwest Holst into property development. "He got it right, while other construction companies went around chasing their tails for work," he says.

Change nevertheless went hand in hand with considerable management upheaval. The first man to leave was Mr Ted Brian who was brought in by Mr Slater in 1975 to be chief executive and left in 1979 after "policy disagreements." Since then three other directors of the group's construction activities have also left for unconnected reasons, the most recent being Mr Nigel Linstead who departed earlier this year to run Bernard Sunley, a private contracting company. Three or four other senior managers subsequently joined Mr Linstead at Sunley.

Mr Newbould says that such rapid departures are not untypical of the industry.

Mr Slater himself is leaving Norwest Holst with a substantial return on his investment. He bought out his partner Mr Lilley two years ago, so all the money raised from the flotation will be his—some £60m for a company which was worth £13.5m when it left the stock market in 1980. In addition he will pull out of Norwest Holst's various peripheral activities, among them a Spanish holiday village development near Marbella.

Mr Newbould says that Mr Slater, who has sold his Cheshire home to live in Guernsey, intends to concentrate his energies on investments abroad, particularly in the U.S. where has property and oil and gas interests.

According to Mr Newbould, the impetus for the sale of Norwest Holst came not from Mr Slater, but from the company's managers. Mr Slater was already playing little part in the day-to-day affairs of the group long before he resigned as chairman in March.

The company's City advisers suggested that selling 100 per cent of the group would break all direct links with the controversial past.

Mr Jack Pryde, a director of Lloyds Merchant Bank, said: "Obviously the history is going to come into it. But we are severing links with the past."

But, even if the bulk of Mr Slater's money is now invested abroad, one thing at least will keep him in close touch with Britain — his love of music, especially opera. He has lavished his money on the arts, particularly in Manchester where he rescued the Palace Theatre.

Mr Newbould believes that the company is now in a position to capitalise on the reorganisation of the past five years. Several major property developments are nearing completion in the next two or three years, which the construction and civil engineering side, like other contractors, is hoping for an increase in public authority capital spending before the next General Election.

Mr Newbould has his eye on expanding contracting by the acquisition of specialist construction engineering companies. But, after working for Mr Slater for many years, his heart is in property development: "Better a property man in construction, than a construction man in a property."

The words might equally have been said by Mr Slater.

PRE-TAX PROFITS RECORD

Year to March 31	£m
1981	1.06
1982	3.87
1983	3.83
1984	3.64
1985	6.1
1986*	10

* Forecast.

Johnstone's Paints falls as margins are squeezed

Margins were under pressure at Johnstone's Paints in the six months to June 1, 1985. As a result, pre-tax profits of this USM quoted paint manufacturer fell from £489,553 to £390,733, on increased turnover of £5.08m, against £4.8m.

The directors say however, that with record sales and production figures in the last three months indicating the current demand for the company's products, it is hoped that the second half of 1985 will paint a brighter picture than the first.

Now that sterling has recovered its ground against the U.S. dollar, raw material prices have "peaked out" and increases in selling prices implemented in May will improve margins for the second half.

As reported in March, raw materials in the first half of 1985 were considerably higher than the same period last year, largely due to the strength of the dollar. Consequently, the company's gross margin fell during the period resulting in a drop in pre-tax profits.

Later this month, the company will open its 14th depot, which is in the London district of Bow.

Despite a reduction in stated earnings per 10p share from 2.56p to 2.25p, the interim dividend is maintained at 1.785p net —last year's total was 4p.

After a tax charge of £156,293 (£220,299) and a £1,256 (same) transfer from capital reserve, the attributable surplus was down from £270,510 to £235,696.

Rapid growth continues as P. Black rises 23%

THE RAPID growth of recent years continued last year at Peter Black Holdings, where turnover increased by 34 per cent and taxable profits by 23 per cent.

For the year to April 27, 1985 turnover rose from £62.07m to £83.28m with pre-tax profits of £4.80m compared with £3.97m for the previous year. A final payment of 1.1p is proposed against 0.98p last time, adjusted for the one-for-one scrip issue. The total is 1.635p (1.4525p).

The director say the results reflect the rapid expansion of the group. During the period the West Yorkshire-based company added the manufacture of wood products for the home to its range of footwear and luggage, much of which goes to Marks and Spencer. It acquired two wood products companies, Jentique and Massils of Marshmoor.

The company's investment of capital and management effort in the new and established parts of its business enable it to look to the future with confidence, the directors add.

The tax charge was £1.37m (£996,000) leaving earnings per share at 10.99p compared with an adjusted 9.28p.

BTR completes Dunlop deal

BTR, the industrial conglomerate which in March won control of Dunlop, the tyre and rubber products group, has completed the sale of the group's U.S. tyre business, Dunlop Tire Corporation, to its management and a group of financial backers in a deal orth around $203.8m (£197m).

Dunlop Tire's management, headed by Mr Randall Clark, its chief executive, and an investment group led by First Boston will pay $118m (£85m) in cash and pay off about $85m in loans.

BTR shares jumped 7p to close at 332p yesterday.

BTR said yesterday that since June, the loan figure, which was then estimated at $60m had increased to $85m due to previously undiscovered debts.

COMPANY NEWS IN BRIEF

ASDA PROPERTY HOLDINGS has acquired Mercari Holdings for a cash consideration, subject to final adjustment of £2.5m. Mercari is a family-owned property investment and trading company presently based in Farnham, Surrey, with net assets of some £4m.

R. CARTWRIGHT (HOLDINGS) announced yesterday that it would not be appealing against Wednesday's High Court ruling on the disputed share count which followed a claim by Newman Tonks that its bid for Cartwright had succeeded last Friday. The Cartwright board are advising shareholders to accept the paper plus cash offer from Tonks and trading in both companies' shares was resumed yesterday.

MAGNET AND SOUTHERN'S purchase of Sycamore Holdings' flat-pack kitchen furniture business Easthams has been completed and a valuation of stocks and work-in-progress attributed. This valuation has put a price of £2.5m on the business, below the £3.2m originally estimated. As a result, Sycamore's borrowings have not been eliminated, and currently stand at £900,000. They will be repaid out of the disposal of certain other assets, and in the meantime the group continues to receive the support of its bankers.

BARROW HEPBURN Group's wholly owned subsidiary Barrow Hepburn Equipment has acquired Lecsafe for a cash consideration of £300,000.

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UK COMPANY NEWS

Hampton Tst buying 33 properties for £12.3m

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Hampton Trust, the once-sleepy property to mining and exploration group which has been rapidly expanding since the arrival, in early 1984, of Mr David Lewis, is buying a portfolio of properties off the company's own directors for £12.3m.

The deal, which because of its size and the involvement of the company's directors, needs shareholder approval, involves the acquisition of properties valued on an open market basis at £16.57m.

The purchase is being satisfied by the issue of 29m ordinary shares in Hampton and £3m of £1 unsecured loan notes. Barclays Merchant Bank and de Zoete & Bevan have conditionally placed 14.9m shares at 31p with City institutions.

There are 33 properties involved in the acquisition (28 freehold and five leasehold), all of which are owned by family trusts of Mr Lewis or Mr Neil Davis or family interests of Mr S. H. Shohet and Mr E. Shohet. All four men are directors of Hampton Trust. Following the acquisitions, the directors will between them control just over 42 per cent of the company's enlarged share issue but the Panel on Take-overs and Mergers has indicated that they will not have to make a general offer to all shareholders.

If the deal goes through, Hampton's property portfolio will have a book value of over £35m against only £3m at the start of 1984. Net assets of the enlarged group will stand at £19.8m against £10.75m previously.

The two principal properties involved in the latest transaction are the Westway shopping centre, Oxford, and Archway Tower, Highgate, North London. Tenants include the Department of the Environment, the Post Office, the major clearing banks and other public companies. The balance of the portfolio consists largely of shops in the Home Counties.

Net rents from the new portfolio stand at about £1.27m and at current rental values are expected to rise to about £1.37m by the end of next year. Further reviews and reversions should take income up to £1.57m by 1990. Current net rents receivable from the combined group portfolio now stand at £2.9m and, based on current values, are projected to rise to £3.9m over the next five years.

Mr Lewis, a chartered surveyor who in the early 1970s sold his Cavendish Land to Legal and General, said that the proposed acquisitions represented an attractive opportunity for Hampton to increase its UK property investments in locations where above average growth in both rental value and capital value can be expected. The enlarged capital base would provide further opportunities for portfolio expansion.

Hampton Trust has specialised in purchasing secondary shopping investments which have generally proved unpopular with institutional investors but which, with active management, have shown increasingly attractive returns.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Abbey Panels, Lloyds Bank. Finals: Arlen Electrical, English Association, Phoenix Timber.

FUTURE DATES

Interims—

Crouch (Derek)	Sept 6
Invest. Trust of Guernsey	Aug 8
Refuge Group	Aug 29
Save and Prosper Gold Fund	Sept 2
Ultramar	Aug 14
Yelverton Investments	Aug 14

Finals—

Cray Electronic	Aug 5
Newmark (Louis)	Aug 15

Schroders £5.73m minority buy

By Margaret Hughes

Schroders is to spend A$11.34m (£5.73m) to acquire the 50 per cent share capital which it does not already own in Schroder Darling, the Australian investment bank.

The UK merchant bank will be buying out the existing minority shareholdings of the Bank of Nova Scotia which currently holds 25 per cent, Overseas-Chinese Banking Corp, with 15 per cent and Westpac Banking Corp with 10 per cent.

Following the acquisition, which is subject to approval by the Australian regulatory authorities, Schroder Darling will become a wholly-owned subsidiary of Schroders.

Mr George Mallinckrodt, group chief executive of Schroders, said yesterday that the merchant bank will use its Australian subsidiary to expand its merchant banking activities in Australia. He pointed out that Schroders had opted to concentrate on investment banking and securities business in Australia in preference to commercial banking.

This, he said was in keeping with the bank's overall policy of building up its merchant banking operations.

Schroder Darling has been recently restructured into five main divisions. These are capital markets, corporate finance, property services and investment managements, as well as trading and market making in financial instruments.

RTZ completes Portuguese deal

BY KENNETH MARSTON, MINING EDITOR

AFTER months of uncertainty, Rio Tinto-Zinc Corporation has finally achieved its acquisition of a 49 per cent stake in the rich Neves Corvo copper deposit in Portugal. The cost is understood to be in line with the $87m (£61.7m) originally agreed in October.

RTZ says that its RTZ Metals subsidiary has now concluded the necessary agreements with the Portuguese Government and the latter's EDMA company to take a 49 per cent stake in Sociedade Miniera de Neves Corvo (Somincor) which owns the deposit.

EDMA retains its 51 per cent holding in Somincor. But the combined stake of 49 per cent which was held by the French companies, Penarreya (33.5 per cent) and Coframines (15.5 per cent) now passes to the RTZ group.

While the market for copper remains depressed by the oversupply of productive capacity—although demand for the metal remains good—few companies are interested in opening up new copper deposits. Neves Corvo, however, is different. It is a plum.

Because of its high copper ore grade it can make good profits at the currently low metal prices. Ore reserves have been put at some 35m tonnes with a rich average copper content of 7.5 per cent. In parts, the deposit is believed to grade over 11 per cent copper, but these may be only rich pockets.

RTZ is, understandably, taking a conservative approach pending a detailed study of the deposit. The group, it is understood, is doing its sums on the basis of an ore reserve of a minimum 25m tonnes, albeit with an average copper grade of not less than 8 per cent.

Construction costs at Neves Corvo are put at up to $200m and mine production is expected to start by the end of 1988. An annual output of some 65,000 tonnes of copper contained in concentrates is envisaged with a mine life of about 20 years.

Berkeley Technology better than expected

THE FIVE months to June 30, 1985 have progressed according to plan at Berkley Technology and results for the period have somewhat exceeded the board's expectations. Pre-tax profits amounted to $4.07m (£2.89m).

The company, a leading co-ordinator of development capital acting between non-U.S. institutional investors and U.S. high-technology companies, obtained a London listing in February.

Total income for the five months was $5.04m, of which $3.27m was fee income and $1.75m interest. Operating expenses came to $0.95m and after tax of $1.24m attributable profit was $2.83m. Earnings per share were 5 cents.

Mr Arthur Trueger, the chairman, says Berkeley has three distinct sources of revenue. Its fee-earning business is likely to predominate in the early years. Medium term, the company is also expected to generate significant profits from realisation of development capital investments in its own portfolio.

Longer term, the company will share in potentially substantial capital gains realised by development capital funds under its management.

During the past five months, the group has made progress with respect to each of the three revenue sources. Its fee-generating activities have developed according to plan, and Berkeley completed $41m in development capital investment transactions during the period.

The successful launch of Berkeley Australia Development Capital in May 1985 enhanced its sources of investment capital and will provide the group with an ongoing stream of fee income during the five-year life of that fund and a share of capital gains upon liquidation of the fund. Similar ventures are planned for the coming months.

Berkeley has invested $15m of the proceeds from its offer for sale into development capital-stage companies. Partly as a result of the current adverse conditions surrounding the stock of traded U.S. high technology companies, those investments have been made on particularly favourable terms.

Mr Trueger say $10m of the investments carry a coupon rate of interest, yet these investments preserve for Berkeley the upside potential of equity appreciation through use of the convertible debenture investment vehicle.

The group remains confident of its ability to meet the profit objectives contained in the forecast which accompanied its offer for sale.

The chairman says Berkeley will continue its efforts to participate in the deregulation of financial markets worldwide, and to offer specialised investment products to sophisticated non-U.S. institutions.

It will also seek to broaden its business by adding complementary products which occupy niches in high profitability markets and which reduce any potential dependence on a single source of capital or type of product.

The interim dividend is 2.3 cents, payable (net of 20 per cent Jersey withholding tax) on November 1.

Bell queries Guinness' use of outside consultants

BY LISA WOOD

THE mud-slinging between Arthur Bell and Guinness continued yesterday with Bell questioning the in-house management abilities of Guinness, the brewing and retailing group.

Bell, which has been mounting a fierce defence against a bid by Guinness, said that Guinness was spending millions of pounds a year on the professional management services of Bain and Co, the U.S. management consultancy business.

The Scotch distiller said it believed this heavy reliance upon external advisors coupled with a continually changing responsibility for financial management at main board level demonstrated a fundamental weakness of management structure which should be of concern to Guinness shareholders.

Guinness, which earlier this week described Bell's recent attacks as "childish" made no comment about its use of outside consultants. But Mr Ernest Saunders, chief executive said: "It is sad to see Mr Miquel's defence strategy sinking to the level of a daily diet of petty tit-bits masquerading as significant revelations."

BANK RETURN

BANKING DEPARTMENT	Wednesday July 31 1985	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	4,790,673,216	— 949,137,784
Bankers Deposits	748,423,169	— 27,851,977
Reserve and other Accounts	1,496,459,633	+ 55,953,446
	7,050,109,018	— 921,036,295
ASSETS		
Government Securities	709,653,362	+ 14,171,490
Advance & other Accounts	1,017,916,192	— 219,725,501
Premises Equipment & other Secs.	5,316,335,934	— 718,298,817
Notes	6,442,030	+ 2,341,622
Coin	761,500	+ 474,911
	7,050,109,018	— 921,036,295

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,313,557,970	— 42,341,622
Notes in Banking Department	6,442,030	+ 2,341,622
	12,320,000,000	— 40,000,000
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	1,846,752,475	— 246,458,726
Other Securities	10,463,232,425	+ 206,458,726
	12,320,000,000	— 40,000,000

If you think it's too late to accept the Burton bid, here's some good news.

With the price of Debenhams shares this morning, you may be regretting that you didn't accept the Burton bid.

You needn't.

Until 3.00p.m. today, the Burton bid remains open.

And that means you can still accept our share offer. Or take £3.27 in cash for every single one of your Debenhams shares.

You can deliver your acceptance form to National Westminster Bank PLC, 2 Princes Street, London EC2. Or, before noon today, drop it in at any one of our stores – Burton, Top Shop, Top Man, Evans, Principles or Dorothy Perkins.

If you do, you'll be ensuring your investment is in safe hands.

With Halpern and Conran there will be life after Debenhams.

UK COMPANY NEWS

Standard Life making major structural changes

SCOTLAND'S leading life and pensions company, Standard Life Assurance, has made a major reorganisation in its operational structure designed to strengthen its sales, marketing and administrative functions.

The main effect of the reorganisation is to merge Standard's life and pension operations to provide the greater flexibility needed by life companies to handle the rapidly changing environment in the financial services sector.

Standard Life, like many other life companies, has developed life and pension operations in separate department particularly regarding marketing and product development. Paradoxically, self-employed pensions have usually been handled by the life side and executive pensions put along with company and group pensions.

Developments in the individual pensions field over the past few years have made such a rigid distinction in operations a hindrance to business development.

It will be even more essential for life companies to integrate their operations when the Government replaces the State Earnings Related Pension Scheme by company pensions and personal pensions in April 1987.

For under the proposed pension scheme applicable from April 1987, company and individual pension operations will be very much interlinked and interchangeable.

But other changes in the financial services field are forcing life companies to reorganise their operations. The line between unit trusts and unit-linked life assurance is now very blurred. Marketing of life and other investment products is becoming more sophisticated, and the savings market itself has become highly competitive. The old style compartmentalised set-up will not handle efficiently the new environment.

Standard Life will be expanding its technical services operations to provide the necessary expert backing to its inspectorate force in fields of pensions, taxation and investment.

Mixed first six months for UK Provident

A MIXED pattern of new life and pensions business in the first half of this year was recorded by UK Provident, the Salisbury-based mutual life company.

New annual premiums moved ahead slightly over the period from £16.3m to £16.7m, but single premium sales were halved from £69.6m to £35.8m.

The successes for the company, a feature experienced by all other life companies, were in the pensions field. Buoyant sales of self-employed pensions resulted in new annual premiums more than doubling to £4.7m and single premiums rising more than 70 per cent to £12.9m.

Executive pension business also showed strong growth with new annual premiums up by two-thirds to £5.1m and single premiums rising by a quarter to £4.4m. Group pensions saw new annual premiums almost double to £2.9m from the success of the money purchase group scheme and the AVC schemes. However, single premiums on group pensions fell by a quarter to £12m. Total premium income on the pensions managed funds more than tripled to £7.3m.

These pension successes managed to offset the dull life market with a 45 per cent drop in new annual premiums to £3.8m. However, it failed to cover a massive fall in single premium life business which was buoyant in the first part of last year ahead of the removal of life assurance premium relief.

UKP is shortly to enter the unit-linked life market.

Successful start made by Equitable Life Assurance

SUCCESSFUL trading in the first half of this year is reported by Equitable Life Assurance Society, with new annual premiums up 12 per cent from £50.05m to £56.93m and single premiums up 13 per cent to £36.97m.

This increase in business came from the pensions side of the company's operations with the three main sectors all reporting substantial increases thanks to the pre-Budget boom on fears of tax changes on pensions.

New annual premiums on self-employed pensions rose 12 per cent from £31.1m to £34.82m, while on individual pensions for directors and executives, new annual premiums rose by a third from £8.72m to £11.62m.

The company also reported a rise of one-third in new annual premiums on group pensions from £3.03m to £4.02m, with most of the growth coming from Voluntary Contribution Plans where the company is a clear leader in this field. It has almost 1,000 schemes on its books with an annual premium inflow approaching £30m.

In contrast, the company's ordinary life and endowment business dropped by more than half over the period with new annual premiums slipping from £5.05m to £2.23m. This drop reflects the loss of life assurance premium relief and last year's boom sales ahead of the Budget.

Equitable Life continued to expand its unit-linked operations over the period, accounting for 11 per cent of sales in the period against 4 per cent in the first half of last year. Its unit trust operations now has nearly £55m under management.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8DT   Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	135	—	6.4	4.8	7.5	8.9
151	135	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
77	44	Airsprung Group	44	—	6.4	14.5	7.3	9.9
42	28	Armitage and Rhodes	28	—	2.8	8.1	4.6	7.5
158	108	Bardon Hill	158	—	4.0	2.5	20.1	20.8
64	42	Bray Technologies	62	—	3.9	6.3	7.8	8.7
201	159	CCL Ordinary	159	—	12.0	7.5	3.9	3.7
152	105	CCL 11pc Conv. Pref.	105	—	15.7	14.9	—	—
130	10	Carborundum Ord.	128	—	4.8	3.8	6.5	8.9
90	83	Carborundum 7.5pc Pf.	90	—	10.7	11.9	—	—
64	46	Deborah Services	46	—	6.0	13.3	4.7	7.5
495	182	Frank Horsell	495	+3	1.4	0.3	12.5	25.0
395	170	Frank Horsell Pr.Ord.87	370	—	11.9	3.2	9.5	12.2
32	25	Frederick Parker	30	—	—	—	—	—
55	38	George Blair	38	—	—	—	4.6	9.1
68	30	Ind. Precision Castings	30	—	2.7	13.5	3.5	3.9
218	177	Isis Group	180	—	15.0	8.3	13.8	20.7
124	101	Jackson Group	105	—	5.6	5.2	7.9	7.9
265	213	James Burrough	237	—	15.0	6.3	7.5	9.8
94	83	James Burrough 9pc Pf.	88	—	12.9	13.7	—	—
95	71	John Howard and Co.	87	—	5.0	5.7	6.8	10.3
225	100	Linguaphone Ord.	210	—	—	—	7.7	8.0
100	82	Linguaphone 10.5pc Pf.	84	—	15.0	18.0	—	—
650	300	Minihouse Holding N.V.	575	−5	6.3	1.2	25.1	23.9
125	31	Robert Jenkins	95	—	—	—	8.6	[illegible]
35	28	Scruttons "A"	30	—	—	—	—	—
80	51	Torday and Carlisle	51	—	9.0	5.7	3.8	9.9
444	325	Travian Holdings	325	—	4.3	1.3	18.2	18.2
33	17	Unilock Holdings	25	—	1.1	4.4	9.0	8.8
108	81	Walter Alexander	105	—	7.5	6.4	8.1	11.6
247	214	W. S. Yeates	214	—	17.4	8.1	6.0	10.5

Prices and details of services now available on Prestel, page 48146

FT COMMERCIAL LAW REPORT

Laker barred from suing banks in U.S.

MIDLAND BANK PLC AND ANOTHER v LAKER AIRWAYS LIMITED AND OTHERS
Court of Appeal (Lord Justice Lawton, Lord Justice Dillon and Lord Justice Neill); July 30 1985

A person will be restrained on the ground of unconscionability from instituting U.S. anti-trust proceedings against an English company in respect of transactions which took place in England as part of its normal business and were subject to English law, if it had no presence in the U.S. at the relevant time and had not submitted to U.S. law, and if the transactions were unconnected with activities giving rise to an apparently well-founded case against other defendants.

The Court of Appeal so held when allowing an appeal by Midland Bank plc and another from Mr Justice Leggatt's decision (*FT, June 14, 1985*) to discharge an interlocutory injunction restraining the liquidator of Laker Airways, Mr Christopher Morris, from suing it in the U.S. under U.S. anti-trust laws.

A cross-appeal by the liquidator was also allowed.

LORD JUSTICE LAWTON said that on February 5 1982 Laker Airways collapsed.

A liquidator was appointed. He discovered evidence which seemed to prove that some airlines on North Atlantic routes had agreed to make operations financially difficult for Laker by use of predatory fares.

He was advised by U.S. attorneys that the combination amounted to breach of U.S. anti-trust legislation. A suit under that legislation was started against a number of airlines, including British Airways (BA) and British Caledonian (BCal), in the Federal District Court of Washington. Aircraft manufacturers McDonnell Douglas and a subsidiary were also brought in.

The liquidator was advised by U.S. attorneys that he could also sue Midland Bank because it had withdrawn financial support from Laker on February 3, in circumstances from which a U.S. court might infer a combination or conspiracy with the airlines and manufacturers to put Laker out of business. He told Midland he intended to act on the advice.

Midland was outraged at the suggestion that it had combined or conspired to put Laker out of business. On November 29, 1982, it issued a writ claiming a declaration that it was not liable under English or U.S. law for Laker's collapse; and an injunction restraining the liquidator from instituting or continuing an anti-trust suit against it in the U.S.

On February 4, 1983, Mr Justice Parker granted an interlocutory injunction. On May 20, 1983, he refused a similar injunction in favour of BA and BCal. Both airlines appealed and on July 19, 1984, the House of Lords dismissed their appeals (*[1985] AC 58*).

Thereupon the liquidator applied to Mr Justice Leggatt to discharge the interlocutory injunction granted in favour of Midland. His argument was that Midland was in the same position as BA and BCal.

Mr Justice Leggatt accepted that submission, discharged the injunction and struck out Midland's application for a declaration that the U.S. claim against it was invalid. He left the claim for a declaration that Midland was not liable under English law.

The evidence was that by the summer of 1981 it was known in banking circles that Laker was likely to run into financial difficulties. The Bank of England asked Midland to lead an attempt to help Laker reschedule its debts and keep in business. Midland agreed. It was the chief British lender to Laker.

Between Christmas 1981 and the end of January 1982 Laker's trading and financial positions got worse. Midland went on trying to find a way of helping. On February 1 and 2 discussions were still going on with the object of saving Laker.

There was no evidence from which any court, English or U.S., could infer that before February 3 1982 Midland had joined such combination or conspiracy as there might have been between the airlines on the North Atlantic routes.

By February 3 McDonnell Douglas had withdrawn an offer of £5m and replaced it with an offer of £4m.

On February 3 the Civil Aviation Authority told the Bank of England that the suggested cash margin of £4m was unacceptable. It also told Midland that if it went on supporting Laker it would have to provide sufficient cash immediately and be prepared to give support during the 1982 tourist season.

The CAA gave Midland Laker's trading figures for the last week in January. They were significantly down. Midland decided it could not support Laker any longer. It gave Sir Freddie Laker until February 5 to get financial support from some other source. He was unable to do so. Midland appointed a receiver.

One of Laker's assets was a hangar at Gatwick Airport. The receiver sold it to BCal on February 26 for £4.5m. Mr Johnson submitted that the circumstances of the sale provided some evidence that Midland had joined the combination or conspiracy, in that the receiver did not give a fair opportunity of buying to a consortium which was trying to restart Laker.

By the standards of English law those facts would not begin to justify making a charge of conspiracy in a criminal or civil court.

The *British Airways and British Caledonian* case decided: (1) that an English court should not stop a foreign suit brought by anyone subject to English jurisdiction against another also subject to that jurisdiction unless the conduct of the party bringing the suit was unconscionable; (2) that U.S. anti-trust legislation was not justiciable in England; (3) that BA and BCal, by obtaining air transport licences to operate between the UK and U.S. under the Bermuda 2 Treaty, voluntarily submitted to American law, including anti-trust law; (4) that in those circumstances Laker was not precluded from relying on any course of action against BA or BCal that might accrue to it under U.S. anti-trust law, and there was nothing so unconscionable in pursuing such a course that an English judge would be entitled to grant an injunction to prevent it.

Midland was in a wholly different position. Its connection with Laker arose from banking transactions in England which were governed by English law, and were intended to be so governed.

There was no connection between Midland and any airlines operating in the U.S. by any arrangement comparable to Bermuda 2. It did nothing in the U.S. which would have been governed by the U.S. anti-trust legislation.

It followed that Midland had not submitted to U.S. anti-trust legislation in the way that BA and BCal had done. Mr Justice Leggatt misdirected himself in adjudging that the bank's position was comparable to that of the two airlines.

What the liquidator was trying to do was to make Midland liable to heavy financial penalties which could be awarded in a U.S. anti-trust suit for acts done in England intended to be governed by English law, in respect of which he had no claim at all in England.

That would be unjust and in consequence, unconscionable—the more so when, as far as could be seen, the liquidator had not by English standards got the beginnings of a case to justify a charge of combination or conspiracy against Midland.

Midland's appeal against Mr Justice Leggatt's order discharging the injunction was allowed.

The judge had refused to strike out Midland's claim for a declaration that it was not liable under English law for Laker's collapse.

As the liquidator had never threatened to take proceedings in the English courts, on the authority of *In re Clay [1919] 1 Ch 66* there was no jurisdiction in the court to make the declaration sought. The claim should be struck out.

The liquidator's appeal against the judge's refusal to strike out was allowed.

LORD JUSTICE DILLON, agreeing, said that it had been said many times that the U.S. pre-trial procedure in an anti-trust suit was, by English thinking, oppressive. It was long-drawn-out and very expensive, and any defendant, even if ultimately dismissed from the suit or successful, had virtually no chance of recovering costs.

The U.S. courts claimed that any person in any part of the world who, with knowledge of the primary conspiracy, took steps in his own country in defence of his own legitimate interest, might be held to have made himself a party to the conspiracy and to be liable to a U.S. anti-trust suit, though what he did subjected him to no civil or criminal liability in his own country.

At the time of the Laker collapse Midland had no relevant presence in the U.S. As its activities took place in England as part of its banking business there, then it would be unconscionable that Laker should be allowed to bring the anti-trust suit.

LORD JUSTICE NEILL, also agreeing, said the American courts had developed pre-trial discovery as part of their ordinary procedure. It could not be right, while paying lip-service to the principle of comity, to treat the possibility of exposure to pre-trial discovery as a source per se of injustice.

Nor was it right for the court to criticise the wide-ranging nature of U.S. anti-trust legislation. On this side of the Atlantic, too, there were legal rules designed to stimulate competition and control restrictive practices.

However, it was legitimate to look very closely at the suggestion that a resident in one country who had a series of dealings with another resident of the same country and who conducted them in accordance with and subject to the law of that country, was at the same time exposing himself to a potential liability in another country.

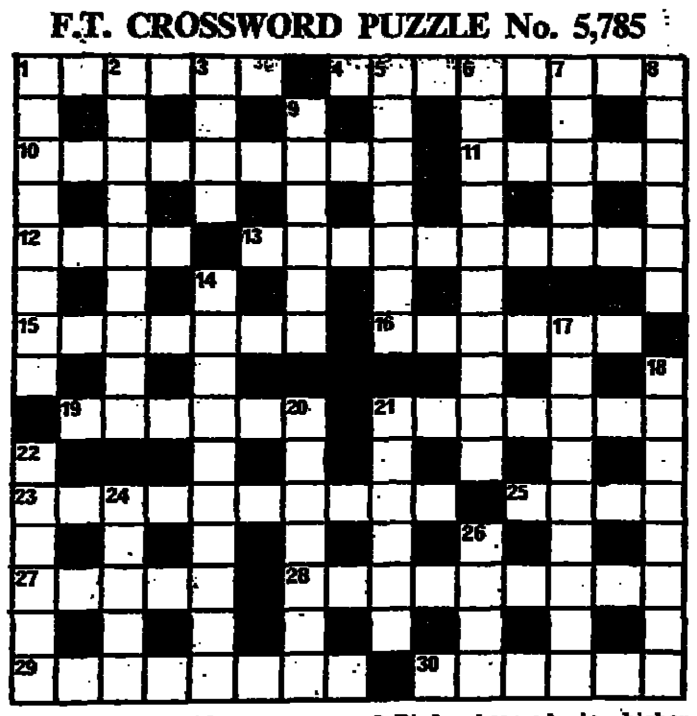
In the circumstances, justice required that the court should intervene to prevent Midland from being subjected to the proposed anti-trust proceedings.

For Midland: Robert Alexander, QC, Howard Page and Andrew Popplewell (Coward Chance).

For the liquidator: David Johnson, QC, Michael Crystal QC and Richard Hacker (Durrant Piesse).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,785



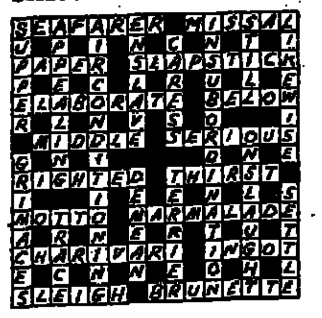
ACROSS

1 Back-to-front squared napkin (6)
4 A cryptographer's ruse of simply taking initial characters? (8)
10 Anne Brontë's alternative instruction to firemen (5, 4)
11 Got up like a flower (5)
12 Bloody exceptional (4)
13 English in tragic setback—setback for tar-carriers (10)
15 Pitch of the roof? (7)
16 Unravel fish in Miller's river (6)
19 Can sue, possibly, in time allowed for payment (6)
21 The bunker-player who wearies kids? (7)
23 False trade-plate found in Lake District (10)
25 Housing for the sewers in wet Uig Bay (4)
27 Projecting end of platform for showy violinist perhaps (5)
28 Think back about small cars at church (9)
29 Great blow—rest said to be disturbed (8)
30 Attend a quiet conference, perhaps (6)

DOWN

1 Reverse second race? Bitter attack results (8)
2 Air T-shirt badly and you could have such a complaint! (9)
3 Bird observed in higher nest (4)
5 Cabbage and meat roll takes a day (7)
6 To be so lustrous, place stone in new setting (10)
7 The old woman tickled to death? (5)
8 Stop right inside line on pitch (6)
9 Injury left, row returns (6)
14 Nan, I assume, is ordered to be worker for dictator (10)
17 Not many grounds left in this European Cup (9)
18 Sapper Stephenson, for example (8)
20 Back what comes last at 'aydock? (7)
21 A. Mole's fantastic dancer (6)
22 Become fatter with a feast (6)
24 Votes cast for Gimblers? (5)
26 Tin, at one penny, is a bargain (4)

Solution to Puzzle No 5,784



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd	60.6	64.5	+1.1	3.51
Accum Units	89.7	95.4	+1.7	3.51
Pearl Inc.	85.5	91.0	+1.2	5.21
Pearl Unit Tst.	89.3	95.0	+1.7	4.39
(Accum. Units)	151.0	160.6	+2.7	4.39

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	172.2	184.9	.....	1.58
Income	133.0	142.4	.....	3.90
Worldwide Recovery	98.2	105.4	.....	2.16
American Growth	55.2	59.3	.....	0.69
Intl. Emerging Cos.	55.6	59.7	.....	0.80
Far East Growth Fd	45.0	48.3	.....	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	97.3	104.3	+3.2	0.36
Prolific Extra Inc.	59.9	63.9	+0.6	6.27
Prolific Gilt Cap.	81.6	84.9	-0.1	3.24
Prolific High Inc	125.1	133.4	+1.4	5.67
Prolific Intl.	81.5	87.3	+1.7	1.85
Prolific N. Amer.	115.1	123.3	+1.6	2.42
Prolific Spec. Sits	132.4	141.2	+1.5	1.75
Prolific Technology	99.6	106.7	+1.3	0.96

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	47.1	49.9	+1.1	—
Worldwide	46.7	49.5	+0.7	1.68
European Trust	49.1	52.0	+0.5	1.65
North American	48.2	51.1	+1.3	2.18
UK Equity	48.2	51.1	+0.4	4.00

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst.	312.8	332.7	+6.6	3.75
Holborn Gilt Tst.	153.4	160.4	-0.1	8.60
Holborn High Inc	53.9	57.3	+0.2	7.44
Holborn Intl	57.6	61.3	+1.4	0.56
Holborn UK Growth	61.7	65.8	+1.0	3.20

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	90.8	96.7	+2.0	1.51
Do. Accum.	94.7	100.8	+2.1	1.51
TSB Extra Income	82.3	87.6	+0.5	6.53
Do Accum.	91.7	97.6	+0.7	6.53
TSB General	115.4	122.7	+2.5	3.53
Do Accum.	187.0	198.9	+4.3	3.53
TSB Gilt & Fxd Int	46.9	48.9	-0.1	9.46
Do. Accum.	57.7	60.2	-0.1	9.46
TSB Income	157.6	167.7	+2.0	5.26
Do. Accum.	237.6	252.8	+2.8	5.26
TSB Pacific	95.6	101.8	(z)	0.65
Do. Accum.	98.0	104.3	(z)	0.65
TSB International	220.9	235.0	+4.9	1.91
Do. Accum.	268.9	286.1	+5.6	1.91
Natural Resources	44.7	47.6		2.84
Do. Accum	46.1	49.0	-0.1	2.84
TSB Scot. Opps.	44.8	47.7	+0.5	2.62
Do. Accum	48.2	51.3	+0.6	2.62

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.1	69.6	+1.6	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	64.9	69.4	+0.5	0.27
Australia	29.7	30.6	+0.3	0.10
Commodity	87.6	94.2	+1.0	1.83
Energy	39.4	42.1	-0.3	0.83
Equity	95.9	102.2	+2.1	3.96
European Spec. Sits.	60.4	60.1	+0.8	0.92
Extra Income	87.8	93.9	+0.3	7.72
Financial	196.6	209.6	+2.6	2.94
Gilt Capital	219.3	229.6	-0.6	3.25
Gilt Income	103.2	108.7	-0.4	8.81
Gold Income	61.5	65.7	+0.6	2.33
Gold Acc.	111.0	118.7	+1.3	2.33
Income	56.3	60.5	+0.5	6.19
Japan	43.2	46.31	+2.0	0.10
Malaysia & Singapore	22.6	24.1	+0.3	1.22
Pacific Income	60.4	64.6	+1.5	0.96

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.61	—	+0.11	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.50	—	−0.05	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$8.97	—	+0.15	—
Dynamic Gwth Fd	$8.13	—	+0.10	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	11.9	—	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fnd	11.68	8.73	12.92	6mth
7-day Fnd	11.99	8.96	13.27	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fnd	11.75	8.78	12.93	6-Mth
7-day Fund	12.06	9.01	13.28	6-Mth
Dollar	6.69	—	—	6-Mth
Money Mngt. Acct.	11.375	8.50	12.71	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq. Edinburgh, EH2 4DF			031-225 8484	
Full Service Chr Acc.	11.25	8.00	11.93	Qr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc.	11.875	8.875	13.30	Qr
Mth. Int. Chq.	11.75	8.78	13.30	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	11.0	8.25	12.32	Qr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL.			01-588 2777	
Caer Allen	11.38	8.50	11.9871	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	11.50	8.60	12.78	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01-748 9251	
Cheque Plus	—	10.00	14.85	Qr
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qr
£2,500 +	12.00	8.97	13.28	Qr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	
Money Mkt Acc	11.00	8.22	12.27	Qr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	11.0	8.22	12.18	Mth
Lloyds Bank PLC				
71 Lombard St, London, EC3P 3BS.			01-626 1500	
High Int Cheque	11.25	8.25	—	Qr
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	11.750	8.783	12.547	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
H.I.C.A.	11.125	8.31	12.95	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8738	
High Int Chq	10.70	8.00	11.92	Qr
Provincial Trust (formerly Chestertons)				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
Cheque Acc	12.00	8.97	13.59	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA			031-557 0201	
Premium Account	11.0	8.22	12.27	Qr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	10.83	8.10	12.05	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol.			0272 732241	
Demand Acc	11.36	8.49	12.70	Qr
Money Acc.	11.70	8.875	13.09	Qr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc.	11.375	8.50	12.84	Mth
Over £10,000	11.625	8.69	13.14	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE			0752 24141	
High Int Chq Acc	11.67	8.88	13.11	Qr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Midland Bk.	90
BAT	32	NEI	8
BOC Grp.	25	Nat West Bk.	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect.	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met.	25	**Oils**	
GUS 'A'	60	Brist. Oil & Min.	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	17½	Charterhall	6
Hawker Sidd.	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	50	Charter Cons.	18
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

Community seeks bigger Far East beef sales

BY IVO DAWNAY IN BRUSSELS

A CHRONIC surplus of beef in EEC stores has provoked a controversial new initiative to boost sales in the Far East, which has already been greeted by Australia as an unwarranted intrusion into markets it has traditionally regarded as its own.

The Community's beef management committee has authorised subsidies for exports to nine Eastern countries, along with another programme of aids for private storage of meat.

The move comes despite a personal protest against EEC export policies earlier this year by Mr Bob Hawke, the Australian Prime Minister.

Though only limited in value, the subsidies indicate the growing pressure on the Community to find new markets for its beef surplus at a time when traditional buyers such as Egypt, which bought up to 300,000 tonnes last year, look set to take lesser quantities.

The Soviet Union, normally a strong buyer, has yet to take a tonne of EEC beef this year owing to the high level of slaughtering on its own farms.

The countries eligible for the new subsidies are China, Hong Kong, Thailand, Burma, Pakistan, Sri Lanka, Vietnam, Indonesia, North Korea and the Philippines. EEC officials emphasise that they specifically decided not to offer export refunds to traders selling to five countries designated as Australian markets, but Canberra seems certain to protest nonetheless.

In addition to the subsidies, the Commission has undertaken to make payments on hindquarters, forequarters and carcasses of male animals taken into private stores for a period of between nine and 12 months.

Despite these moves, market managers have now to look for new ways of controlling production. A paper, outlining new proposals, is expected to be published by the Commission in the autumn alongside similar production restraint schemes for cereals and sugar.

Current stocks in Community and private stores are believed to top 700,000 tonnes, almost double the normal level for the time of year. The large stock can in part be explained by the culling of about 1.25m dairy cows last year—equivalent to about 300,000 tonnes of beef—provoked by the imposition of the "super-levy" on surplus dairy output.

In fact, the latest Commission forecast expect total 1985 production to be down on 1984, despite a 7 per cent increase in stocks in the first quarter. Officials estimate that the package of emergency measures taken last autumn, which included a complete intervention system for carcasses and flexible private storage aids, took as much as 275,000 tonnes into the private system.

This worked through the prices rose from 72 per cent to 77 per cent of the guide price, a level which has persisted to the satisfaction of market managers.

Despite the relative stability of current prices, however, it is feared export sales for 1984-1985 may be down by as much as 25 per cent.

U.S. rules NZ company is dumping copper

THE U.S. Commerce Department has made a preliminary finding that imports of low-fuming Brazing copper rod and wire from New Zealand were being sold in the U.S. at less than fair value, reports Reuter.

The department said the average dumping margin was found to be 24.35 per cent of the product's value.

Provisional anti-dumping duties are placed on imports that the Department finds are being sold at below fair volume.

In Wellington, Mr Peter Sukloski, managing director of copper product maker Mckechnie Bros NZ, stressed the Department's finding against his firm was not final.

New Zealand trade officials said the U.S. had still to determine whether U.S. producers were injured by the New Zealand imports.

● China's imports of copper products jumped to 214,000 tonnes in the first half of 1985 from 102,658 in the same 1984 period, customs figures show.

Imports of iron ore soared to 3.75m tonnes from 1.93m and purchases of iron and steel products to 8.65m tonnes from 5.41m.

● WORLD closing stocks of primary zinc at smelters, excluding Eastern Bloc countries, rose to 400,100 tonnes in June from 385,700 in May, provisional European Zinc Institute figures show. This compares with stocks of 392,700 tonnes in June 1984.

● A PROLONGED dry spell in the south of Minas Gerais and northern Sao Paulo states is causing concern over possible losses to next year's Brazilian coffee crop.

● THE U.S. Agriculture Department (USDA) has officially acquired another 56,675,000 lb of refined beet sugar after Great Western Sugar Company defaulted on Government loans.

The latest forfeitures brought to 273,600,000 lb the amount of refined beet sugar the USDA has acquired this year from financially troubled Great Western.

The cautionary tale of Peru's anchoveta

Jane Monahan explains how overfishing brought a once-great fishmeal industry to its knees

AMONG THE many challenges facing the new Peruvian Government of Sr Alan Garcia, which was sworn in this week, is what to do about the precipitous decline in one of the country's most important foreign exchange earners, the fishmeal industry.

Less than 15 years ago, Peru was the world's largest exporter of fishmeal and the business accounted for 30 per cent of the country's foreign exchange earnings.

Today, the country is trailing behind its neighbour Chile as a fishmeal exporter, and its market share has shrunk to one tenth from nearly half. The story of the industry's decline is a noteworthy cautionary tale for the world fishing industry.

Exports of fishmeal from both Chile and Peru showed a sharp increase in the first quarter of this year, when total world fishmeal exports are estimated by the International Association of Fishmeal Manufacturers to have been around 50 per cent up on their level in the same period of 1984.

But even that mini-boom, which is largely explained by the attractive prices of fishmeal vis-a-vis soyameal and other competing products, could not be sustained. In both Chile and Peru, fishing has had to be curtailed to protect stocks, while the Peruvian industry has faced the additional problem of labour disputes.

Certainly, Peru's difficulties are not all its own fault. Nature, in the shape of the "El Nino" warm water current, wrought havoc with the industry during the 1970s by drawing the essential shoals of anchovies away from Peruvian waters, and the same problems has resurfaced periodically since then.

But there is no doubt that, even before that time, man played his part in the decline by over-exploiting Peru's fish stocks.

At the height of the fishmeal boom, in the late 1960s, there were no controls. Eight to 12m tonnes of anchovy were caught per year by the industry, which was almost entirely controlled by Peruvian private companies.

The species simply could not survive that sort of strain. "Poor anchovies. They were fished to death," said a Peruvian diplomat.

The over-fishing led to scarcity, and scarcity to debt. This in turn forced the state to assume the private companies' losses, and in 1973 the industry was nationalised; Pescaperu, a state concern, was given the monopoly in fishmeal production and sales.

Nevertheless, this did not stop the rot. Economic considerations, rather than sensible conservationist aims, determined policy, and even bans on anchovy fishing, introduced at intervals since 1976, have not always been respected.

In addition, biologists say that pilchards, which have replaced the anchovy as the main raw material for meal, and which are also used for canning and freezing, are now in danger of being over-fished.

They argue that Peru would be deploying its natural resources far more effectively if all the pilchard catch went to the canneries for human consumption, with only the residues, such as heads, tails and bones, used for fishmeal.

The problem is that fish canning is labour-intensive, and private fishery companies—which were allowed back into fishmeal production in 1981—say they simply cannot generate the cash flow in order to maintain a large workforce.

By contrast, capital-intensive fishmeal production is financially sustainable, even if it involves a waste of fish stocks.

FISHMEAL PRODUCTION ('000 tonnes)

	Peru	Chile
1970	2,254	172
1975	704	151
1980	458	572
1981	475	688
1982	645	782
1983	219	807
1984	446	978

The Ministry of Fisheries, caught in the middle of this dispute, has told the private companies to allocate at least one fifth of their pilchard catch to canning and freezing.

Another fundamental weakness of the fishmeal industry is that the available capital has often been misused. Pescaperu, for example, acquired a huge concrete building in Lima's San Borja suburbs which had to be handed over to the central bank earlier this year in lieu of debts.

Pescaperu accumulated losses in 1983 and 1984 estimated at $350m, making it the biggest loss-making company in the Peruvian state sector.

The new Government is committed to keeping Pescaperu in check. It wants to reduce the deficits of state companies in general over the next two years from 10 per cent of gross national product to 6 per cent.

However, the rank and file of Sr Garcia's Apra party may resist this. It favours a return to a strong state role in the economy, the fishing industry included.

In the past few years, no money has been invested, by either the state or the private sector, in the reconditioning of Peru's fishing fleet.

Most of this is a hangover from the time of the anchovy boom and consists of small boats, suitable for small distances and with no facilities for refrigeration or proper storage. Out of a total fleet of 5,500 vessels, only 211 can conserve fish.

According to the Ministry of Fisheries, the future of the fishmeal industry now depends on the country's ability to catch the large shoals of horse mackerel and Jack mackerel which have been discovered 40 miles off the coast.

Officials have expressed fears that Russian trawlers, allowed to fish in Peruvian waters, may threaten the mackerel. But Peru is so much in hock that arrangements have already been made to repay the Russians in fishmeal for $200m out of its $520 debt to the Soviet Union.

UK may appeal against milk pricing penalty

BY ANDREW GOWERS

BRITAIN WAS yesterday preparing to appeal to the European Court of Justice over a decision by the Brussels authorities to penalise the country's alleged infringements of EEC milk pricing rules.

On Wednesday, the Commission decided to withhold European Currency Units 8.8m (£5m) in payments due to London for milk pricing offences in 1980-81, and Britain could lose similar sums for the three subsequent years.

The Commission claims that a two-tier pricing policy operated in those years by the Milk Marketing Board, in particular distinguishing between sales of milk for processing into bulk and packet butter, discriminated against foreign milk sales.

The Ministry of Agriculture said yesterday that it was actively considering an appeal to the European Court over the Commission move.

Britain's defence is likely to rest on three grounds. First, it will claim that the two-tier pricing, which was scrapped last year at the Ministry's insistence, saved the EEC farm budget money by encouraging the processing of milk into saleable products rather than butter for intervention.

Secondly, the EEC never complained about the practice during 1980-81. Thirdly, a number of complex cases over Britain's milk marketing arrangements are already pending in the European Court.

Ecuador to float crude oil tariff

QUITO—Ecuador will float its crude oil prices at between $26.15 and $26.15 per barrel, starting today, Sr Fernando Santos Alvite, the energy vice-minister, told a news conference.

The flotation would last only a few weeks, Quito would then revert to a fixed price, hopefully around $26 per barrel, Sr Santos Alvite said.

The daily calculation would be based on an official price of $26.15 per barrel and on Alaska North Slope prices.

The present official price is $26.50 per barrel.

"The results obtained will be analysed within one or two months and we will then try to return to a set price," Sr Santos Alvite said.

Reuter

EEC allows boost in export subsidies for barley

BY OUR COMMODITIES EDITOR

THE EUROPEAN Commission yesterday allowed a sharp increase in EEC barley exports, which have been falling substantially short of their traditional levels this season — much to the annoyance of the trade.

The EEC's cereals management committee authorised the export of 217,000 tonnes of barley at an increased maximum export rebate of European Currency Units 52. Since the start of the present marketing year on June 13, barley export licences had totalled only 72,500 tonnes, compared with 430,000 tonnes during the same period of last year.

The grain traders' lobby, Coceral, complained to the Commission this week about the low level of cereal exports.

The committee also authorised the export of 53,500 tonnes of wheat at a maximum rebate of Ecu 35.99. Before yesterday, export licences totalled 7,000 tonnes against 1.8m tonnes in the same period of 1984.

LONDON MARKETS

STERLING'S weakness brought a general rise in base metals prices on the London Metal Exchange yesterday. Copper was basically under pressure, as was reflected in a narrowing in the cash premium over three months from £21.25 to £14.75 a tonne. But the currency factor lifted the cash high-grade price by £13 to £1,069 a tonne. Cash aluminium gained £24.50 to £741 a tonne and was also up in dollar terms. The rise was accelerated by the operation of stop-loss orders, triggered when the three-month quotation broke through the £750 a tonne mark on the way to closing at £762.50 a tonne. Coffee prices were lifted by a combination of sterling's weakness and concern about lack of rain in Brazilian growing areas. The September position ended the day £45.50 higher at £1,629.50 a tonne.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	740.5 1.5	+24.5	738
3 months	762.5 3	+25	765 742

Official closing (am): Cash 726-7 (705-10): three months 748-.5 (731-.5): settlement 727 (710). Final Kerb Close: 768-69. Turnover: 26,400 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/Low
Cash	1068.70	+13	1070/1064
Three months	1054.5	+19.5	1050/1043

Official closing (am): Cash 1062-4 (1065-7): three months 1043-.5 (1045-6): settlement 1064 (1067). Final Kerb Close: 1055-56.

Cathodes			
Cash	1009-11	+6.5	—
Three months	1020-5	+12	1015

Official closing (am): Cash 1003-5 (1000-5): three months 1015-6 (1014-5): settlement 1005 (1010). Turnover: 32,375 tonnes. U.S. Producer prices 67.50-71 cents per pound.

LEAD

	Unofficial close p.m.	+ or −	High/Low
Cash	290.5-1.5	+1	292/291
3 months	297.5-8	+0.75	300/297

Official closing (am): Cash 291.5-2 (289-90): three months 297.5 (296-7): settlement 292 (290). Final Kerb Close: 296-9. Turnover: 8,100 tonnes. U.S. Spot: 19-21 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	3620-30	+75	3590-3585
3 months	3655-8	+64	3670-3610

Official closing (am): Cash 3580-5 (3536-8): three months 3620-5 (3565-70): settlement 3585 (3538). Final Kerb Close: 3641-45. Turnover: 558 tonnes.

ZINC

	Unofficial close p.m. £ per tonne	+ or −	High/low
Cash	533-.5	+10	533
3 months	529.5	+9.75	538/531

Official closing (am): Cash 532-3 (520-1): three months 529.5-9 (515.5-6): settlement 533 (521). Final Kerb Close: 525-6. Turnover: 11,325 tonnes. U.S. Prime Western 41-41.75 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug. 1 1985	+ or −	Month ago
Aluminium	£1100		£1100
Free Mkt	$1005.75	+9.5	$1025/1035
Copper			
Cash h Grade	£1069	+13	£1076.75
3 mths	£1064.25	+18.5	£1098.75
Cash Cathode	£1010	+6.5	£1020.25
3 mths	£1022.75	+15.75	£1026.25
Gold troy oz	$322.5	−2.75	$310.75
Lead Cash	£291.5	+1	£296.25
3 mths	£297.75	+0.75	£301.25
Nickel	[illegible]		[illegible]
Free mkt	226/46c		240/270c
Platinum oz	£205.50		£193.50
Quicksilver	$275/285	−5	$267/275
Silver troy oz	445.30p	+1.65	463.25p
3 mths	457.10p	+1.60	[illegible]
Tin cash	£9155.5	+64	[illegible]
3 mths	£9130.5	+60.5	[illegible]
Tungsten	$64.43		[illegible]
Wolfram 22.04lb	$64/68		$55/60
Zinc	£533	+10	£573
3 mths	£529.25	+9.75	£560.75
Producers	$850		$860

OILS	Aug. 1	+ or −	Month ago
Coconut (Phil)	$530z	−5	$517.5
Palm Malayan	$435q	−10	$515
SEEDS			
Copra Phil	$340z		$315
Soyabean (U.S.)	$220w	−0.5	$227
GRAINS			
Barley Fut. Nov.	£101.85	+0.35	£96.50
Maize	£145.0		£145.0
Wheat Fut. Nov.	£101.55	+0.05	£97.25
No. 2 Hard Wint.			
OTHERS			
Cocoa Ft. Dec.	£1673	+23.5	£1760.5
Coffee Ft. Nov.	£1566.5	+38.5	£1667.5
Cotton A Index	[illegible]		[illegible]
Gas Oil Sept.	$230.75	−1.5	[illegible]
Rubber (kilo)	63p		[illegible]
Sisal No. 3	[illegible]		[illegible]
Sugar (raw)	$121.5x	+7	[illegible]
Wooltops 64s	425p kilo		[illegible]

§ Unquoted. x Aug-Sept. w Sept. z July-Aug. y Per 76 lb flask. c Cents per pound.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	9155.70	+64	
3 months	9130.2	+60.5	9153

Official closing (am): Cash 9142-5 (9090-5): three months 9105-10 (9056-60): settlement 9145 (9095).

Standard			
Cash	9155.70	+64	9150/9142
3 months	9130.2	+60.5	9153/9110

Official closing (am): Cash 9142-5 (9083-5): three months 9105-2 (9053-4): settlement 9145 (9085). Final Kerb Close: 9115-20. Turnover: 2,015 tonnes. Straits tin $m30.89 (31.05) kilo.

GOLD

Gold fell $2¼ to $322¼-$323¼ on the London bullion market yesterday. It opened at $326-$326½, and was fixed at $326.75 in the morning and $322.10 in the afternoon. The metal touched a peak of $326-$327¼ and a low of $321¾-$322¼. Trading was thin, partly because of a holiday in Switzerland, and the market was rather volatile, with the downward trend reflecting the better performance by the dollar.

GOLD BULLION (fine ounce) Aug. 1

Close	$322¼-323¼	(£233-233½)
Opening	$326-326½	(£231½-232)
Morn'g fix	$326.75	(£231.320)
Aft'n'n fix	$322.10	(£232.899)

GOLD AND PLATINUM COINS

Kr'g'rnd	$332¼-333¼	(£237½-238)
½ Krug.	$171-171¾	[illegible]
¼ Krug.	$87-87¾	[illegible]
1/10 Krug.	$35¼-36	
Mapleleaf	$333¼-335¼	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	
New Sov.	$76¼-77	[illegible]
½ New Sov	$46-46½	[illegible]
Old Sov.	$77-78	[illegible]
$20 Eagle	$460-500	
Noble Plat	$367¼-390¼	(£208-210½)

SILVER

Silver was fixed 1.65p an ounce higher for spot delivery on the London bullion market yesterday at 445.3p. U.S. cent equivalents of the fixing levels were: spot 625c, down 8.5c; three-month 630.75c, down 9.1c; six-month 650.3c, down 10.1c; and 12-month 679.05c, down 10.35c. The metal opened at 445-448p (627-630c) and closed at 446-451p (620-625c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	445.30p	+1.65	444p	+1
3 months	457.10p	+1.60	455.5p	+1.5
6 months	469.30p	+1.45		
12months	492.40p	+1.65		

LME—Turnover: 53 (75) lots of 10,000 oz.

Three months high 460, low 458, final kerb 457-8.

GRAINS

Wheat attempted to rally on the back of barley but forwards lacked support and values drifted back towards the close. Barley reached 50p up and held on shipper buying support, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or −	Yesterday's close	+ or −
Sept	98.30	+0.15	98.35	+0.60
Nov	101.55	+0.05	101.85	+0.35
Jan	105.25	+0.10	105.45	+0.35
Mar	108.50	—	108.65	+0.45
May	112.00	—	111.45	+0.35
July	114.90	—	—	—

Business done—Wheat: Sept 98.30-8.25, Nov 101.70-1.50, Jan 105.25, Mar 108.65-8.50, May 112.15-2.00, July 114.65 only. Sales: 98 lots of 100 tonnes. Barley: Sept 98.25-8.10, Nov 101.85-1.50, Jan 105.45-5.35, Mar 108.65-8.45, May 111.60 only. Sales: 135 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 15 per cent: Aug 119, Sept 117, Oct 118.75, Nov 121.50, sellers, transhipment East Coast. U.S. No. 2 Soft Red Winter: Aug 103, Sept 103, Oct 103, Nov 110.50, sellers. EEC: Aug 115, seller. English feed, fob: Oct/Dec 104.25, Jan/March 108.50, Apr/June 115, sellers, East Coast. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: Aug 140, Sept 138, sellers. Barley: English feed, fob: Oct 103.50, Oct/Dec 104.50, sellers, East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 91.30, S. West 92.30, W. Mids. 90.50, N. East 93.50. The UK monetary coefficient for the week beginning Monday August 5 will remain unchanged.

COCOA

Futures opened steadier and rose during a quiet morning. A sharp midday currency movement sparked off a further light rally and closing prices were at the highs of the day, reports Gill and Duffus.

COCOA	Yesterday's close (£ per tonne)	+ or −	Business Done
Sept	1665-1665	+7.0	1675-1658
Dec	1672-1674	+23.5	1677-1656
March	1686-1690	+28.0	1692-1669
May	1708-1710	+29.0	1709-1690
July	1720-1725	+23.5	[illegible]
Sept	1733-1745	+26.0	1735-1725
Dec	1750-1765	+31	1742

Sales: 2,587 (4,529) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for August 1: 99.31 (100.10): five-day average for August 2: 101.09 (101.72).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 204 tonnes. Renewed pressure for buying was exerted and useful buying was reported in a variety of styles. These included West African, Russian and Pakistan growths.

SUGAR

LONDON DAILY PRICE—Raw sugar $121.50 (£86.00), up $7.00 (up £5.50)

INDICES

FINANCIAL TIMES

July 31	July 30	M'th ago	Year ago
259.51	259.08	276.04	280.67

(Base: July 1 1952 = 100)

REUTERS

Aug. 1	July 31	M'th ago	Year ago
1694.7	1684.7	1754.3	1878.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 31	July 30	Month ago	Year ago
Spot	113.60	114.11	—	127.46
Fut.	116.19	114.13	—	134.10

(Base: December 31 1974 = 100)

COFFEE

During an active morning prices advanced in moderate volume as scale-up selling offered little resistance, reports Drexel Burnham Lambert. Profit-taking around £1,700, basis November, prompted a £25 retracement before a sharp decline in trading influenced a further rise. Commission house pressure in near September pushed values lower while sterling recovered.

COFFEE	Yesterday's Close	+ or −	Business Done
Sept	1689-30	+45.5	[illegible]
Nov	1716-17	+38.5	[illegible]
Jan	1706-07	+44.0	[illegible]
March	1738-40	+43.5	[illegible]
May	1759-65	+38.5	[illegible]
July	1780-90	+47.0	[illegible]
Sept	1800-20	[illegible]	[illegible]

Sales: 4,700 (3,628) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for July 31: Comp. daily 1979 117.34 (119.28): 15-day average 118.48 (119.16).

SOYABEAN MEAL

The market opened 50p higher on trade buying, reports T. G. Roddick. Prices rallied on weaker sterling and professional buying.

	Yesterday's close (£ per tonne)	+ or −	Business Done
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]

Sales: 252 (629) lots of 20 tonnes.

RUBBER

The London physical market opened unchanged, fluctuated erratically on currency movements and closed uncertain, reports Lewis and Peat. Closing prices (buyers): spot 63.00p (same); Sept 59.75p (59.50p); Oct 59.75 (59.50p). The Kuala Lumpur fob price for RSS No 1 was 191.0 (190.5) cents a kg and for SMR 20 was 161.0 (same).

OIL

In very thin trading Arab Gulf light crudes were stronger and the heavy grades weaker. Brent was stable but largely neglected. Nymex WTI opened 2c down for September and traded unchanged at 1 pm EST. There was little interest in the petroleum products market. This combined with a Swiss national holiday led to a very quiet market—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Aug.		
Arab Light	27.25-27.50	+0.075
Arab Heavy	25.15-25.75	+0.025
Dubai	26.35-26.45	+0.05
Brent Blend	26.25-26.40	—
W.T.I. (1pm est)	27.15-27.20	−0.10
Forcados (Nigeria)	26.55-27.10	—
Urals (cif NWE)	26.95-26.15	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	262-264	−1
Gas Oil	223-225	—
Heavy fuel oil	133-135	—
Naptha	250-255	—

* September. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close ($ U.S. per tonne)	+ or −	Business Done
Aug	230.50	−0.75	231.25-28.50
Sept	229.00	−0.75	230.25-28.25
Oct	228.50	−0.25	229.75-28.25
Nov	227.00	−0.25	228.00-26.75
Dec	226.00	−0.50	[illegible]
Jan	224.00	−1.00	225.00

Turnover: 642 (1,210) lots of 100 tonnes.

PIGMEAT

August opened quietly resulting in 11 trades. Weakening physicals attracted selling interest in the distant positions, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business Done
	p. per kilo (deadweight)		
Aug	107.50	107.10	108.50-104.00
Sept	108.10	107.10	108.80
Oct	107.60	106.60	106.60
Nov	100.60	100.40	100.50-100.00
Feb	100.50	100.50	100.60-100.00
June	100.20	99.80	100.20

Sales: 76 (181) lots of 50 carcases, 3,250 kg.

POTATOES

The market dropped immediately upon opening, losing £1.00 on distant position, before short-covering lifted values, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	56.20	54.90	56.00-54.50
Feb	63.50	64.80	—
Apr	78.00	78.70	78.50-71.50
May	79.50	78.80	79.50-77.00

Sales: 424 (848) lots of 40 tonnes.

FREIGHT FUTURES

Fresh selling and long liquidation on the opening pushed the nearbys to new lows. The weaker tone prevailed, with further losses being seen mid-afternoon, but final quotations were off the bottom, reports Clarkson Wolff. The Baltic Freight Index was 718.5, down 7.0 points.

	Close	High/low	Prev
Oct	769/770	767/763	786/790
Jan	835/836	826/818	828/830
April	886/900	890/875	885/886.5
July	925/950	—	925/950
Oct	925/960	—	955/970
Jan	969/1050	—	920/1010
April	1000/1050	—	990/1050

Turnover: 283 (195).

U.S. MARKETS

PRECIOUS METALS were weak on long liquidation prompted by cuts in prices along with the strength in the dollar, reports Heinold Commodities. Copper was steady on continued concerns over a tight nearby situation. Aluminium firmed on expectations of production cutbacks. Sugar remained firm on reports of Cuban and Indian purchases. Cocoa weakened reflecting favourable conditions developing for the new crop. Coffee was modestly higher on fears of a lack of Ugandan supplies. Cotton maintained a steady tone on scattered dealer support. Heating oil prices were moderately lower in light trading as traders were awaiting further Saudi Arabian action regarding their daily output. Grains and soyabeans were mostly mixed in light action finding early support. Additional forecast of more moisture in the corn belt states kept the market on the defensive along with declining currencies.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	45.40	—	—	44.70
Sept	45.70	45.70	45.25	45.00
Oct	46.00	—	—	45.30
Dec	46.70	46.70	46.30	46.00
Jan	47.05	—	—	46.35
March	47.70	47.40	47.40	47.00
May	48.40	—	—	47.70
July	49.10	—	—	48.40
Sept	49.80	—	—	49.10
Jan	51.25	—	—	50.50

COCOA 10 tonnes; $/tonnes

	Close	High	Low	Prev
Sept	2060	2082	2048	2087
Dec	2114	2125	2094	2127
March	2146	2150	2125	2153
May	2170	2170	2145	2172
July	2190	—	—	2188
Sept	2201	—	—	2199
Dec	2228	—	—	2228

COFFEE "C" 37,500 lbs; cents/lbs

	Close	High	Low	Prev
Sept	134.13	135.25	144.50	133.49
Dec	137.14	137.75	136.50	136.18
March	138.50	139.95	137.80	137.65
May	139.73	140.00	138.85	138.65
July	140.00	—	—	139.18
Sept	140.13	—	—	139.50
Dece	140.75	—	—	140.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	60.80	60.65	60.65	60.75
Sept	61.20	61.30	60.65	61.10
Oct	61.55	—	—	61.45
Dec	62.30	62.45	61.85	62.20
Jan	62.55	—	—	62.50
March	63.10	63.20	62.60	63.05
May	63.50	63.45	63.20	63.45
July	63.90	63.75	63.75	63.85
Sept	64.25	64.20	63.90	64.20
Dec	64.30	64.95	64.95	64.75

COTTON 50,000 lb; cents/lb

	Close	High	Low	Prev
Oct	59.90	60.21	59.90	60.00
Dec	59.85	60.28	59.74	59.96
March	60.18	60.65	60.15	60.30
May	60.28	60.40	60.06	60.25
July	59.87	60.25	59.88	59.95
Dec	53.70	53.86	53.45	53.57
Oct	54.70	54.75	54.70	54.45

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	27.12	27.21	27.01	27.12
Oct	26.59	26.61	26.32	26.46
Nov	26.11	26.12	25.91	25.97
Dec	25.78	25.82	25.60	25.66
Jan	25.55	25.55	25.38	25.38
Feb	25.28	25.28	25.10	25.18
March	25.00	25.02	24.95	24.97
April	24.80	24.80	24.73	24.79
May	24.55	24.48	24.48	24.62
June	24.50	24.51	24.48	24.47

GOLD 100 troy oz; $/troy oz

	Close	High	Low	Prev
Aug	320.0	325.0	318.5	327.1
Sept	32.20	—	—	32.91
Oct	323.9	328.7	322.5	331.0
Dec	328.0	332.5	326.5	335.2
Feb	332.4	335.5	332.0	339.6
April	336.7	341.2	337.3	344.0
June	341.5	346.5	341.5	348.9
Aug	346.5	348.00	347.5	354.0
Oct	351.7	—	—	359.3
Dec	357.1	369.0	369.0	364.8
Feb	362.7	367.0	364.0	370.5
April	368.4	—	—	376.3
June	374.3	—	—	382.3

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	70.90	71.00	70.05	70.70
Oct	71.70	71.90	71.00	71.64
Nov	72.50	72.60	71.90	72.50
Dec	73.15	73.30	72.60	73.20
Jan	73.45	73.50	73.15	73.56
Feb	72.85	72.70	72.30	72.60
March	69.50	—	—	70.10
April	67.95	—	—	67.95

ORANGE JUICE 15,00 lbs; cents/lbs

	Close	High	Low	Prev
Sept	132.25	133.60	131.50	132.05
Nov	129.05	129.80	128.50	128.95
Jan	125.00	125.65	124.80	125.10
March	124.70	125.50	124.90	125.85
May	124.40	—	—	124.65

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
August	278.2	—	—	286.3
Oct	279.7	286.0	278.7	287.8
Jan	284.3	290.0	284.5	292.6
April	289.2	294.0	290.6	297.7
Oct	300.2	303.5	303.5	304.0

SILVER 5,000 troy oz; cents/troy oz

	Close	High	Low	Prev
August	618.0	—	—	628.4
Sept	622.0	629.0	619.0	633.0
Oct	626.5	634.0	634.0	637.5
Dec	634.7	642.0	632.0	646.0
Jan	639.4	—	—	650.8
March	648.0	665.0	647.0	659.7
May	657.2	668.5	658.5	669.2
July	667.0	670.0	669.0	679.4
Sept	677.4	685.0	680.0	690.2
Dec	6932	700.0	698.0	706.6

SUGAR WORLD "11" 112,000 lb; cents/lb

	Close	High	Low	Prev
Sept	4.63	4.66	4.42	4.35
Oct	4.74	4.88	4.56	4.50
Jan	4.95	5.07	4.87	4.77
March	5.34	5.45	5.15	5.07
May	5.46	5.60	5.32	5.22
July	5.64	5.75	5.52	5.49
Sept	5.69	—	—	5.63
Oct	5.89	6.00	5.74	5.70

CHICAGO

LIVE CATTLE 40,000 lb; cents/lb

	Close	High	Low	Prev
August	53.07	53.50	52.47	53.07
Oct	56.30	56.87	55.85	55.92
Dec	58.07	58.65	57.50	57.55
Feb	59.20	59.57	58.25	58.40
April	60.30	60.80	59.50	59.30
June	61.20	61.50	60.60	60.20
August	59.85	59.85	59.85	59.85

LIVE HOGS 30,000 lb; cents/lb

	Close	High	Low	Prev
August	43.60	43.85	43.35	43.67
Oct	49.75	40.15	39.60	40.00
Dec	42.07	42.35	41.72	41.70
Feb	43.40	43.77	43.05	42.90
April	41.17	41.25	40.90	40.90
June	43.90	44.00	43.60	43.57
July	44.35	44.35	43.55	—
August	43.50	43.50	43.40	43.05
Oct	40.90	40.95	40.90	40.87

PORK BELLIES 38,000 lb; cents/lb

	Close	High	Low	Prev
August	53.00	53.70	51.95	52.70
Feb	61.77	62.30	61.15	62.35
March	61.20	62.00	61.00	61.90
May	62.20	62.20	62.20	62.95
July	62.20	62.20	62.20	—
August	61.12	61.50	61.12	61.30

MAIZE 5,000 bu min; cents/56 lb-bushel

	Close	High	Low	Prev
Sept	232.0	232.4	231.2	231.0
Dec	227.8	228.4	226.4	227.6
March	236.4	237.2	235.4	236.2
May	241.0	241.6	239.6	240.4
July	241.4	241.6	240.2	240.6
Sept	230.4	230.6	230.2	230.4
Dec	225.0	225.0	224.0	225.4

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
August	525.8	528.0	521.2	523.2
Sept	525.0	525.6	519.8	521.6
Nov	530.4	532.0	524.4	528.4
Jan	541.4	541.4	534.4	538.2
March	550.4	551.0	544.4	548.0
May	558.4	558.4	552.0	556.2
July	560.8	561.0	555.4	557.6
August	560.0	556.0	551.4	550.0
Sept	544.0	—	—	541.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	122.2	122.2	119.9	119.9
Sept	124.5	124.8	122.0	122.6
Oct	126.7	126.7	124.0	124.7
Dec	130.6	130.8	127.9	128.8
Jan	132.5	132.5	130.0	130.5
March	135.0	135.5	133.5	133.7
May	138.2	138.2	136.6	137.0
July	142.0	142.0	140.0	141.0
August	141.0	142.0	141.0	141.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	24.94	25.35	24.90	25.40
Sept	25.55	24.99	24.55	25.03
Oct	24.30	24.68	24.30	24.70
Dec	24.13	24.37	24.05	24.51
Jan	24.00	24.20	23.98	24.20
March	23.80	24.10	23.80	24.35
May	23.80	24.10	23.80	24.25
July	23.76	24.00	23.75	24.00
August	23.65	23.90	23.68	23.81
Sept	23.50	23.75	23.50	23.60

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	291.8	296.6	290.6	295.2
Dec	300.4	304.8	299.0	302.6
March	301.6	303.6	299.2	302.0
May	291.4	293.2	289.4	291.6
July	271.4	273.4	269.6	271.4
Sept	275.0	277.2	274.0	275.0

SPOT PRICES—Chicago loose lard 17.50 (17.00) cents per pound. New York tin 584.0-87.0 (583.0-95.0) cents per pound. Handy and Harman silver bullion 619.0 (627.0) cents per troy ounce.

OTHER MARKETS

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 97.48p per kg lw (−0.76). GB—Sheep 157.75p per kg est dcw (−2.33). GB—Pigs 75.53p per kg lw (−0.74).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 81.0; English forequarters 52.0 to 58.0; Ulster hindquarters 90.0 to 92.0. Veal: Dutch hinds and ends 139.0 to 145.0. Lamb: English small 70.0 to 76.0, medium 68.0 to 72.0, heavy 64.0 to 66.0; Scotch medium 67.0 to 69.0, heavy 64.0 to 66.0; Imported: New Zealand PL 64.5 to 65.5, PX 64.0 to 65.0. Pork: English under 100 lb 48.5 to 56.0, 100-120 lb 49.0 to 55.0, 120-160 lb 44.0 to 48.0.

PARIS

SUGAR—(FFr per tonne): Oct 1305/1313, Dec 1335/1350, Mar 1400/2405, May 1420/1425, Aug 1476/1495, Oct 1520/1545.

COCOA—(FFr per 100 kg): Sept 1991/2002, Dec 1975/1985, Mar 1986/1990, May 1990 bid, July 2000 bid, Sept 2005 bid, Dec 2010 bid.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg: Oct 610.0, 620.0, nil; Dec 612.0, 620.0, 612.0; March 620.0, 630.0, nil; May 626.0, 635.0, 630.0;:: ;J;u;y;l: 633.0;— 630.0; July 633.0, 638.0, nil; Oct 618.0, 639.0, nil; Dec 624.0, 645.0, nil; March 629.0, 650.0, nil. Sales: 6.

ROTTERDAM

WHEAT—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: Sept 132, Oct 135, Nov 138, Dec 139. U.S. No. 2 Northern Spring, 14 per cent protein: Aug 150, Sept 147, Oct 150, Nov 154.50. U.S. Northern Spring, 15 per cent protein: Aug 157, Sept 158, Oct 158, Nov 162.50. U.S. No. 3 Hard Amber Durum: Aug 189, Sept 166, Oct 159, Nov 164. Canadian No. 1 Western Red Spring, 13.5 per cent: Aug 162.50, Sept 161.50, Oct 163.50. Canadian No. 1 Western Amber Durum: Aug 170, Sept 170, Oct 174, Nov 15/Dec 15 178.

MAIZE—(U.S. $ per tonne) U.S. No. 3 Yellow: Afloat 122, Aug 118, Sept 115, Oct 112, Oct/Dec 112, Jan/March 118, sellers. Argentine, Plate: Afloat 130, July 132, Aug 129, Sept 130,

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

News benefits the dollar

News tended to benefit the dollar on the foreign exchanges yesterday. The recent fall in London interest rates made sterling a less attractive alternative to the dollar and expectations of lower oil prices also supported the dollar at the expense of the pound. U.S. interest rates have also been firmer, with Federal funds above 8 per cent in New York, while news of a tentative agreement to cut the U.S. budget deficit lent further assistance to the currency. Figures on construction spending were rather confusing, however. The rise of 0.7 per cent in June was in line with expectations, but as with other recent figures, the previous month was revised down sharply, falling in May by 0.8 per cent, compared with an earlier estimate of a 1.5 per cent rise.

The dollar rose to DM 2.8215 from DM 2.8055; FFr 8.59 from FFr 8.56; SwFr 2.32 from SwFr 2.2980; and Y237.55 from Y236.65.

On Bank of England figures the dollar's index rose to 137.4 from 136.5.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. July average 1.3783. Exchange rate index fell 1.4 to 82.1. It opened at 83.0, and touched a peak of 83.2 at 11 am, before falling sharply in the afternoon to a low of 81.7.

Sterling was nervous for most of the day, and weak against Continental currencies throughout. It was hit particularly hard in the afternoon as a result of large commercial orders to sell the pound against the D-mark. Speculation about lower oil prices if Saudi Arabia increases production, combined with expectations of another cut in UK bank base rates to move sentiment against sterling. It was above $1.41 against a weaker dollar in the morning, but fell sharply after lunch to a low of $1.3725, before closing at $1.3825-1.3835, a fall of 2.55 cents on the day. The pound also declined to DM3.90 from DM3.9550; FFr11.86 from FFr 12.0575; SwrF 3.20 from SwFr 3.2450; and Y327.75 from Y333.50.

D-MARK—Trading range against the dollar in 1985 is 3.4510 to 2.8055. July average 2.9134. Exchange rate index 125.9 against 120.4 six months ago.

The D-mark lost ground to the dollar after a hectic day's trading in Frankfurt. The fall of sterling in reaction to expectations of lower London interest rates and falling oil prices tended to halt the recent move out of the dollar. The U.S. currency rose to DM 2.82 at the Frankfurt close from DM 2.7890. Earlier in the day the dollar was fixed at DM 2.7860 compared with DM 2.7884. The dollar was also helped by a larger than anticipated rise in June U.S. construction spending. Sterling fell to DM 3.8925 from DM 3.9845 at the Frankfurt close. The French franc fell to DM 32.745 per 100 francs at the fixing from DM 32.80. During the morning it was reported in the market that the Bank of France was giving support to the franc by selling D-marks, and that this followed substantial intervention by the French central bank on Wednesday. This follows suggestions that currencies such as the French and Belgian francs may be forced to follow the lira in devaluing within the EMS.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.8320	45.0586	+0.50	—	N/A
Danish Krone ...	8.12857	8.03356	−1.17	—	N/A
German D-mark	2.23840	2.23048	−0.35	—	N/A
French Franc ...	6.86402	6.80718	−0.83	—	N/A
Dutch Guilder...	2.52208	2.50306	−0.75	—	N/A
Irish Punt	0.724578	0.715204	−1.29	—	N/A
Italian Lira	1520.60	1498.16	[illegible]	—	N/A

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	Aug 1	Previous
8.30 am	83.0	84.2
9.00 am	83.1	84.1
10.00 am	83.2	84.0
11.00 am	82.9	84.1
Noon	82.7	84.1
1.00 pm	82.6	84.1
2.00 pm	81.7	84.1
3.00 pm	82.0	84.1
4.00 pm	82.1	83.5

£ IN NEW YORK

	Aug. 1	Prev. close
£ Spot	$1.4235-1.4250	$1.4128-1.4138
1 month	0.44-0.42 pm	0.45-0.42 pm
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

[illegible]

DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

OTHER CURRENCIES

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

FINANCIAL FUTURES

Bonds stay firm

U.S. Treasury bonds remained the centre of attraction on the London International Financial Futures Exchange yesterday, while sterling denominated contracts continued to weaken as the pound lost ground on the foreign exchanges. Dealers commented that next week's auction of $21.75bn in U.S. Treasury paper will be very important for the future direction of the market, but that the size of the auction, although a record, was a relief, and that the amount of $9.4bn to be raised in new cash was below expectations. Bonds for September delivery opened very strong at 75-25, after showing resistance at 75-00 on Wednesday. It was sold down to a low of 75-15, but Chicago traders may have been short overnight, and the contract closed in London at the day's peak of 75-27, compared with 74-29 previously.

Eurodollar futures were also firm, rising in line with the bonds, although London was at first looking to sell. A high Federal funds rate kept any rise in check, and the market found the economic news of the day on construction spending confusing, and were particularly concerned at another figure showing a sharp downward revision for an earlier month. Sterling interest rate contracts were depressed by the performance of the pound, although gilt futures recovered slightly towards the close.

LONDON

[illegible]

CHICAGO

[illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	128.05	128.50	127.20	126.40
Dec	128.85	—	—	127.20

Est. volume 528 (693)
Previous day's open int. 1,484 (1,536)

GMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	74-22	74-25	74-08	74-04
Dec	74-02	74-03	73-23	73-14
March	—	—	—	—
June	—	—	—	72-6
Sept	—	—	—	71-19

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 31, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of July 31 at 11.00 a.m.
3 months: $8\frac{1}{16}$ 6 months: $8\frac{3}{16}$

ECU=US$.802193 SDR1=$US1.03722
Sibor as of July 31 at 11.00 a.m.
3 months: $8\frac{1}{16}$ 6 months: $8\frac{3}{16}$

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.0664
Algeria	Dinar	5.0005
Andorra	Fr. Franc	8.505
	Sp. Peseta	163.00
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.805
Australia	Dollar	1.3736
Austria	Schilling	19.615
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.505
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	3.03
Guinea Bissau	Peso	147.323
Guinea Rep	Syli	23.7994
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	657.50
Peru	Sol (o)	12361.
Philippines	Peso	18.665
Pitcairn Is	N.Z. Dollar	1.8972
Poland	Zloty (o) (3)	158.23
Portugal	Escudo	165.75
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	8.505

[illegible]

MONEY MARKETS

London rates continue to rise

Interest rates continued to rise on the London money market yesterday as sentiment turned against the pound on the foreign exchanges. The recent downward trend in London rates, leading to expectations of lower base rates, has combined with speculation about lower oil prices to depress sterling. Three-month interbank almost touched 11 per cent early Wednesday, but had firmed to 11½-11⅝ per cent by the close, and to 11⅝-11¾ at yesterday's finish. This brought market rates back into line with the present level of base rates at 11½ per cent. Discount houses buying rates for three-month bank bills rose to 11⅛ per cent from 10⅞ per cent.

The Bank of England initially forecast a money market shortage of £300m, but revised this to £550m in the afternoon. Total help provided during the day was £599m.

Before lunch the authorities bought £96m bills outright at unchanged rates, by way of £5m bank bills in band 1 (up to 14 days maturity) at 11⅜ per cent, and £91m bank bills in band 2 (15-33 days) at 11⅜ per cent.

In the afternoon another £322m bills were purchased outright at unchanged rates, through £3m bank bills in band 1 at 11⅜ per cent; £283m bank bills in band 2 at 11⅜ per cent and £37m bank bills in band 3 (34-63 days) at 11⅜ per cent.

Late assistance of around £280m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £793m, with a rise in the note circulation absorbing £20m and bank balances below target another £20m. These outweighed Exchequer transactions, adding £90m to liquidity.

In Frankfurt the Bundesbank offered securities repurchase agreements to the banks for 28 and 58 days at a minimum rate unchanged at 4.8 per cent. New agreements were anticipated to replace DM 16.2bn draining from the money market next Monday, when two existing pacts expire, but attention was focused on the minimum offered rate to see whether the central bank encouraged a further easing in short-term rates. The result will be made known today and funds credited to banks on Monday.

UK clearing banks base lending rate 11½ per cent since July 30

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	Treas 8¾pcCm '85	[illegible]		8.78	12.19
[illegible]	[illegible]	Exch. 12¼pc 1985	[illegible]	[illegible]	12.24	11.59
[illegible]	[illegible]	Exch 11¼pc '86	[illegible]	[illegible]	11.71	11.04
[illegible]	[illegible]	Treas. 10pcCnv 1986	[illegible]	[illegible]	10.08	11.15
[illegible]	[illegible]	Treas 3pc 1986	[illegible]	[illegible]	3.15	9.12
100	[illegible]	Exch. 10½pc Cv '86	[illegible]	[illegible]	10.55	11.08
[illegible]	[illegible]	Treas 12pc 1986	[illegible]	[illegible]	11.90	10.83
[illegible]	[illegible]	Treas 8¾pc 1984-86‡‡	[illegible]	[illegible]	8.66	10.62
[illegible]	[illegible]	Exch. 14pc 1986	[illegible]	[illegible]	13.53	10.88
[illegible]	[illegible]	Exch. 2½pc 1986	[illegible]	[illegible]	2.68	8.03
[illegible]	[illegible]	Exch. 13¼pc 1987	[illegible]	[illegible]	12.84	10.80
[illegible]	[illegible]	Treas 10¼pcCv '87	[illegible]	[illegible]	10.33	10.82
[illegible]	[illegible]	Exch 2½pc 1987	[illegible]	[illegible]	2.73	8.32
[illegible]	[illegible]	Exch. 10½pc 1987	[illegible]	[illegible]	10.57	10.88
94	89	Funding 6½pc '85-87‡‡	[illegible]	[illegible]	6.95	10.48
99	[illegible]	Treas 10pc 1987	[illegible]	[illegible]	10.15	10.84
[illegible]	[illegible]	Treas 3pc 1987	[illegible]	[illegible]	3.32	8.53
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]	[illegible]	11.75	10.85
[illegible]	[illegible]	Treas 7¼pc 1985-88‡‡	[illegible]	[illegible]	8.22	10.42
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	[illegible]	10.58	10.79
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	[illegible]	10.03	10.87
[illegible]	80	Transport 3pc '78-88	[illegible]	[illegible]	3.48	8.47
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.88	10.90
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	11.31	10.92
[illegible]	[illegible]	Treas 9½pc Cnv. '89	[illegible]	[illegible]	9.93	10.93
[illegible]	79	Treas 3pc 1989	[illegible]	[illegible]	3.70	8.99
[illegible]	94	Treas 10½pc 1989	[illegible]	[illegible]	10.64	10.91
[illegible]	92	Exch. 10pc 1989	[illegible]	[illegible]	10.30	10.93
101	95	Exch 11pc 1989	[illegible]	[illegible]	10.98	10.90
[illegible]	79	Treas 5pc 1986-89	[illegible]	[illegible]	5.90	9.47
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.07	10.75
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.90	10.75
[illegible]	[illegible]	Exch. 12¼pc 1990	[illegible]	[illegible]	11.83	10.90

Five to Fifteen Years

Over Fifteen Years

Undated

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[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ▼ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ◆ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	......	Arnott	180	......
Craig & Rose £1	700	......	CPI Hldgs	56	......
Finlay Pkg. 5p	61	......	Carroll Inds.	139	......
Higsons Brew	235	......	Dublin Gas	72	......
Holt (Jos) 25p	720	......	Hall (R. & H.)	58	+2
IoM Stm. £1	85	......	Helton Hldgs.	18	−1
IRISH			Irish Ropes	48	......
Fund 11¼% 1988	£101⅝	......	Jacob (W.& R.)	80	......
Nat. 9¾% 84/89	£97⅞	......	Unidare	87	......
Fin. 13% 97/02	£110¼	......			

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LONDON STOCK EXCHANGE

MARKET REPORT

Institutional demand revives as pound falls and equity market responds strongly

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 15	July 25	July 26	Aug 5
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9

* " New-time " dealings may take place from 9.30 am two business days earlier.

Institutional investors returned unexpectedly yesterday and the London equity market enjoyed its best session this summer. Top-quality industrials led the charge higher with the accent heavily on international issues and overseas earners after the sudden mid-afternoon weakness in the pound; the rate fell sharply against both the dollar and the D-mark. All equity market-related indices made impressive advances, the FT Ordinary share index rising 16.8 more for a gain so far this week of 35.8 to 959.9.

A flurry of buying orders from both institutional and private investors greeted dealers when business opened and leading shares soon extended Wednesday's late rise. The demand was aroused by thoughts that a correction in sterling's recent strength was overdue. Activity subsequently began to falter and prices eased back before storming ahead again on the afternoon currency developments.

The pound dipped over 3 cents from $1.4050 to touch $1.3725, and displayed weakness against the D-mark, as more overseas funds were switched away from the UK currency. Foreign operators were influenced by the possibility of revived downward pressure on oil prices following Norway's price cut and the Saudi Arabia's confirmation of output increases. The recent fall in UK interest rates was another factor.

The upsurge in share prices gathered momentum throughout the late afternoon as stock shortages were uncovered and professional traders hastened to correct book positions. The final rally in the pound to $1.3830 made scant impression on the tone, although the FT Ordinary share index settled a shade below the day's highest of 961.6.

Gilt-edged securities maintained a quietly firm stance until weakening with the exchange rate. Short-dated stocks run into a spate of selling, mainly representing domestic profit-taking, and fell ⅜ before recovering to close ⅛ down on balance. The longs performed similarly in thinner trading and settled with losses stretching to ⅜. Index-linked Gilts were caught up in the malaise and surrendered part of the previous session's improvement.

Barclays pleases

Barclays brightened the clearing bank dividend season around lunchtime, reporting a better-than-expected 40 per cent increase in interim profits to £431m which left the shares 17 higher at 392p. Earlier in the session, Midland's half-year figures — earnings more-than-doubled at £151m—were deemed only satisfactory and in line with expectations; the shares subsequently eased a few pence to 387p, after 385p. Lloyds, scheduled to conclude the series today, moved up 5 to 400p, while NatWest held the overnight level of 655p; buyers were still disinterested in the latter after Tuesday's disappointing mid-term results.

The dollar's afternoon revival prompted double-figure gains among Lloyds Brokers. C. E. Heath put on 12 to 630p and Stewart Wrightson 17 to 570p, while Sedgwick gained 18 to 360p and Willis Faber 22 to 637p.

Breweries revived strongly following the reappearance of institutional buyers. Bass rose 11 to 554p and Whitbread gained 6 to 230p, while Scottish and Newcastle firmed 4 to 143p. Elsewhere, speculative counter Buckleys encountered profit-taking in the absence of any takeover developments and fell 6 to 76p.

The majority of leading Buildings made steady progress, but cement producers Blue Circle and Rugby Portland Cement both lost ground on fears about the possible impact on profits of imported Spanish cement; BCI closed 8 down at 515p, after 510p, while Rugby shed 2 to 123p. Elsewhere, Costain rose 8 to a 1985 peak of 444p and Taylor Woodrow gained the same amount to 455p. Tarmac hardened 4 to 340p and BPB Industries improved 7 to 277p. Housebuilders were firmer on the prospect of lower Mortgage Rates in September. Barratt Developments improved a couple of pence to 80p, George Wimpey gained the turn to 133p and Bryant Holdings firmed 3 to 75p. Milbury, however, slumped to 20p before a late spurt left the close a net 7 up at 35; the shares have fallen from 70p to their current level in 10 days following reports that the company was experiencing cash flow problems. USM-quoted Johnstone's Paints shed 10 to 75p following disappointing interim results.

The reaction in sterling brought a smart rally in recently-dull ICI which closed 25 higher at the day's best of 689p.

Stores buoyant

Stores were buoyant and continued to feature Debenhams which spurted to 321p prior to closing a net 11 up at 317p; bidders Burton and major shareholder House of Fraser were both thought to be adding to their Debenhams holdings through market purchases yesterday. Burton's fiercely contested offer for Debenhams closes today. Harris Queensway gained 12 more to 270p on persistent talk of a bid from Woolworth, 10 higher at 460p. Dixons, 750p, and Gussies A, 775p, both rose 8, while Vantona Viyella firmed 6 to 368p. J. Hepworth attracted fresh demand and put on 5 to 222p, while British Home Stores

Institutional support helped the Electrical majors record further good recoveries. British Telecom were prominent at 197p, up 5, while Racal continued to reflect the optimistic annual report and talk of a broker's circular with a rise of 6 to 154p. Thorn EMI rose 7 to 334p and Plessey hardened a couple of pence to 150p, after 156p. Cable and Wireless improved 17 to 530p and STC put on 4 more to 106p, after 108p; the later's interim results are scheduled for today week. Elsewhere, recently heavily-depressed high-technology stocks staged a useful rally. Diploma picked up 27 at 195p, Logica rebounded 22 to 157p and Memec 20 to 260p. Micro Business Systems moved up 10 to 90p and CASE, unsettled of late by a chart "sell" advice, added 12 at 199p. Bowthorpe appreciated 10 to 350p and Ferranti rose the same amount to 122p, while Eurotherm firmed 17 to 300p.

Arlen advanced 8 to 68p awaiting today's preliminary results and BSR reflected Press comment with a fresh gain of 5 to 65p, after 70p.

Unsettled by a specialist brokers' adverse circular on Wednesday, leading Engineerings regained confidence. GKN, at 213p, retrieved 3 of the previous day's fall of 4 as buyers reappeared ahead of next Wednesday's interim figures. Elsewhere, Baker Perkins rose 7 to 180p on news of the success of the rights issue, while rises of 6 and 8 respectively were seen in Laird, 152p, and Simon, 216p.

A continuation of Wednesday's late demand lifhted Rowntree Mackintosh 8 more to 388p. Other bright spots in Foods included United Biscuits, 12 higher at 182p and Associated British, 4 better at 222p. Cadbury Schweppes improved 3 to 147p on currency influences. Elsewhere, confectioners Squirrel Horn attracted further buying interest and gained 3 more to 33p.

Recently overlook Ladbroke revived strongly and rose 9 to 264p, while Grand Metropolitan found support at 316p, up 6.

Beecham rise

Double-figure gains appeared among the miscellaneous industrial leaders as institutional buying found stock in short supply. Glaxo, heartened by the falling pound, moved up ⅜ to £12¾, while Beecham gained 10 to 341p on continuing chatter about a U.S. acquisition. BTR rose 11 to 336p and BOC improved 10 more to 296p, after 300p; the latter's third-quarter figures are scheduled for next Thursday. Metal Box appreciated 15 to 455p and Fisons moved up 13 to 345p. Pilkington, on the other hand, gave up 7 at 268p following further consideration of the chairman's cautious statement at the annual meeting. Elsewhere, LRC jumped 8 further to 135p on bid speculation and Avon Rubber advanced 11 to 267p for the same reason. LCP rose 7 to 107p on reports of a broker's imminent circular, while currency influences lifted Cookson 15 to

Jaguar, 7 higher at 259p, and Lucas, 10 better at 303p, both benefited from currency influences. Elsewhere, Kenning Motor continued to respond to talk that an unnamed buyer was building up a stake and closed 4 higher at 120p.

Properties were selectively firm. Land Securities rose 4 to 292p and MEPC gained the same amount to 276p, while Slough Estates improved 3 to 141p and Hammerson A 10 to 445p. Elsewhere, Asda Property gained 10 to 190p following news of the acquisition of Mercari Holdings, a property investment and trading company for £2.5m cash.

Imperial Group continued to attract considerable attention on talks that the sale of its Howard Johnson subsidiary was close to being finalised and touched 189p prior to closing 4 higher at 185p. Sterling's reaction prompted support for Bats, 15 higher at 310p, after 315p.

In Textiles, Coutaulds rose 6 to 19p and Nottingham Manufacturing gained 8 to 276p. Victoria Carpet put on 5 to 46p following newsletter comment.

Mercantile House rose 26 to 273p following comment on the annual results.

Oils improve

The marked weakness of sterling just after midday gave the oil sector a minor boost. Initially a few pence harder in places share prices advanced across a broad front during the afternoon before easing to close below the day's best levels. BP touched 541p prior to settling 5 firmer on balance at 535p, while Shell added a similar amount at 688p, after 691p. The general strength of equity markets prompted increasing confidence in the outcome of the Government's sale of its remaining 48.8 per cent stake in Britoil and the existing shares improved to 216p before closing a further 5 to the good at 213p. Sun (UK) Royalty featured among the secondary oils, with the shares retreating to 105p at one point, on rumours that the Occidental well in North Sea Block 16/12A has failed to encounter hydrocarbons. Petrogen jumped 6 to 47p reflecting persistent talk of an imminent deal with Energy Capital: the latter touched 74p prior to closing 2 firmer at 72p. Century Oil remained a firm market and put on 7 to 80p while Caledonian Offshore improved late to close 10 better at 450p. A firm Australian oils sector showed Santos 16 up at 306p in the wake of the quarterly progress report and also reflecting rumours that Esso Australia may be seeking to acquire substantial interests in the Cooper Basin.

Golds at 3-year lows

No respite occurred for the beleaguered South African mining market. Worries that the U.S. may impose economic sanctions on South Africa and U.S. press reports on the Chase Manhaatan Bank scare that swept London and Johannesburg markets on Wednesday triggered heavy selling of South African gold and realted issues in New York overnight. Consequently dealers opened share prices sharply lower in London. Little further selling was forthcoming during the morning and one or two attempts at a rally were made. These came to nothing, however, and prices came under renewed pressure during the afternoon as persistent American selling followed the opening of Wall Street. Closing levels were usually at or around the day's worst and the Gold Mines index dropped 10.7 more to 319.9, its lowest level since August 26, 1982. Matters were not helped by the latest downturn in bullion, its third in a row, which dipped $2.75 to $322.5, following a strong opening by the dollar.

The London-registered Consolidated Gold Fields ran into some particularly heavy selling first thing and slumped to 408p before staging a good rally and closing a net 13 off at 420p.

Modest profit-taking in overnight Sydney and Melbourne markets took some of the shine off recently buoyant Australian golds, but a sharp fall in sterling around midday pushed prices bihger in the latter stages. Gold Mines of Kalgoorlie featured with a further rise of 15 to a 1985 best of 593p, while Poseidon edged up 5 more to 225p.

FINANCIAL TIMES STOCK INDICES

	Aug. 1	July 31	July 30	July 29	July 26	July 25	year ago
Government Secs	83.21	83.48	83.87	83.85	83.48	83.14	76.70
Fixed Interest	86.49	86.56	86.74	86.63	86.50	86.30	80.74
Ordinary ♥	959.9	943.1	936.0	932.4	924.1	911.0	809.1
Gold Mines	319.9	330.6	335.9	343.1	332.6	330.2	504.7
Ord. Div. Yield	4.86	4.96	4.98	4.99	5.02	5.08	5.08
Earnings, Yld. % (full)	11.97	12.18	12.29	12.44	12.52	12.68	11.90
P/E Ratio (net) (*)	10.30	10.12	10.02	9.92	9.76	9.63	10.15
Total bargains (Est.)	24,953	20,216	20,225	20,241	20,040	19,876	16,460
Equity turnover £m.	—	382.76	364.46	341.67	376.09	377.68	276.96
Equity bargains	—	15,610	29,065	11,538	19,096	16,645	13,639
Shares traded (ml)	—	172.0	181.6	164.9	274.5	184.4	143.6

♥ 10 am 956.9. 11 am 953.3. Noon 955.2. 1 pm 957.6. 2 pm 958.2. 3 pm 961.0. 4 pm 959.8.

Day's High 961.6. Day's Low 950.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.92.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low	Daily	July 31	July 30
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)	Gilt Edged Bargains	156.1	197.2
					Equities Bargains	100.5	143.0
Fixed Int.	86.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)	Value	672.6	736.7
					5 day Average		
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)	Gilt Edged Bargains	149.0	144.3
					Equities		
Gold Mines	536.9 (15/4)	319.9 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)	Bargains	109.4	107.5
					Value	805.5	784.1

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (52)

CANADIANS (1): Golden Sceptre Res.
BANKS (1): Woodchester
BUILDINGS (4): Blockleys, Brickhouse Dudley, Fisher
CHEMICALS (1): Hoechst Fin. 10pc Ln. 1990
STORES (9): Benalls, Dixons Group, Grattan, Harris Queensway, Liberty NV, Time Products, Woolworth
ELECTRICALS (2): Chloride 7pc Cnv. Pf., Technology
ENGINEERING (2): HHI & Smith, Robinson (T.)
FOODS (1): Cullen's Hldgs.
INDUSTRIALS (5): Euro. Ferries Prf., Jacksons Bourne End, LRC Intl., Rank Org., Williams Hldgs.
INSURANCE (1): FAI Insurances
LEISURE (3): Chrysalis, Pleasurama 7pc Cnv., Ulster TV NV A, Com. Red. Prf.
MOTORS (2): Cowie (T.), Kenning Motor
NEWSPAPERS (1): Collins (Wm.) A
PROPERTY (5): Connells Est. Agents, Rosehaugh, Mann, Slough Estates, Peel Hldgs.
TRUSTS (3): Murray Growth, M & G 2nd Dual Cap., Do. B
OILS (1): Inter. Energy
MINES (6): Black Hill Minerals, Metana Minerals, GM Kalgoorlie, Sons of Gwalia, Hawk Invs., Southern Resources

NEW LOWS (77)

BUILDINGS (2): Milbury, Ruberoid
CHEMICALS (2): Coates Bros. A NV, Rentokil
STORES (1): Steinberg
ELECTRICALS (9): Arcolectric, Real Time Control, Compsoft, Telefonica (Compania), Kode Intl., VG Instruments, Newmark (Louis), Webber Electro Cmps, Pericom
ENGINEERING (1): Newman Tonks
FOODS (2): BSN, Bensons Crisps
HOTELS (1): Norscot Hotels
INDUSTRIALS (5): Beatson Clark, Mitchell Cotts, Blundell-Permoglaze, Ovenstone Invs., Charter Cons.
PAPER (2): Craton Lodge, LCA
PROPERTY (1): Cons. Tern Invs.
SOUTH AFRICANS (4): Barlow Rand, SASOL, Gold Fields Prop., SA Breweries
TRUSTS (7): Alva Inv. Trust, Inv. in Success, Cambrian Gen. Cap., Mert. Currie Pac Wts, FUGIT, Raeburn, Genl. Funds Conv.
OILS (3): Charterhall, Warrior Resources, Goal Petroleum
MINES (37

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Debenhams	31	306	−7
Imperial Group	20	181	+7
CAP	18	141	—
Hanan. 5¼pcPf†	15	45½	+1½
ICI	15	664	+5
BSR Intl.	14	60	+7
Bowater Inds.	13	310	+10
Racal Electa.	13	148	+6
RTZ	13	535	−10
Cns. Gold Fds.	12	433	−12
Glaxo	12	£12⅝	—
Pilkington Bra.	12	275	−5
STC	12	102	+8
Shell Transport	12	683	+8

† Partly paid.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Aug 1 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (Act at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed July 31 Index No.	Tues July 30 Index No.	Mon July 29 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (205)	511.88	+2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (177)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (101)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (739)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	July 31	July 30	July 29	July 26	July 25	Year ago
FT-SE 100 SHARE INDEX	1287.2	+25.5	1288.4	1271.7	1262.7	1252.3	1248.9	1239.7	1221.7	1034.1

FIXED INTEREST

PRICE INDICES	Thur Aug 1	Day's change %	Wed July 31	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	118.76	−0.29	119.10	—	6.84
2 5-15 years	131.83	−0.33	132.27	—	8.95
3 Over 15 years	138.81	−0.40	139.37	—	5.97
4 Irredeemables	151.25	−0.21	151.57	—	7.27
5 All stocks	130.06	−0.29	130.48	—	7.65
6 Debentures & Loans	112.75	−0.24	113.02	—	6.59
7 Preference	79.77	—	79.77	—	3.64
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	110.76	−0.13	110.90	—	1.95

AVERAGE GROSS REDEMPTION YIELDS		Thur Aug 1	Wed July 31	Year ago (approx.)
British Government				
1 Low Coupons	5 years	10.18	10.21	11.85
2	15 years	10.28	10.30	11.84
3	25 years	10.23	10.19	10.72
4 Medium Coupons	5 years	11.03	11.00	12.16
5	15 years	10.94	10.84	12.06
6	25 years	10.57	10.54	11.60
7 High Coupons	5 years	11.21	11.11	12.39
8	15 years	10.85	10.84	12.38
9	25 years	10.73	10.67	11.99
10 Irredeemables		10.02	9.99	10.71
11 Debs & Loans	5 years	11.47	11.46	12.99
12	15 years	11.37	11.34	12.95
13	25 years	11.26	11.22	12.90
14 Preference		12.43	12.43	13.38
15 Inflation rate	5%	3.62	3.61	4.00
16	10%	3.43	3.42	3.81

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 20,803

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net dividend	Times covered	Gross yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ‡ Issued by tender. || Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Allotment letters or fully paid. ‡‡ Introduction. ◈ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Money was given for the call of Westplex, Sun (UK) Royalty, STC, Bryson Oil and Gas, Falcon Resources, United Biscuits, Energy Capital, Times Veneer and British Telecom. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Asda Property	190	+10
BSR Intl.	65	+5
Barclays	392	+17
Bowater Industries	313	+3
British Home Stores	222	+12
British Telecom	197	+5
Debenhams	317	+11
Int. Sig. and Control	[illegible]	+2
Jaguar	259	+7
Mercantile House	273	+26
Smiths Industries	197	+8
Sun Oil (UK)	115	−30

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*538)	460	90	—	—	5	[illegible]	[illegible]
	500	55	70	78	12	[illegible]	[illegible]
	550	18	38	45	30	[illegible]	[illegible]
	600	7	15	—	75	[illegible]	[illegible]
Cons. Gold (*417)	420	24	40	52	20	[illegible]	[illegible]
	460	15	25	31	50	[illegible]	[illegible]
	500	6	13	17	87	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Aug. 1 Total Contracts 15,406. Calls 10,114. Puts 5,312

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FRANCE | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | AUSTRALIA (continued) | HONG KONG | JAPAN (continued) | SINGAPORE | SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm August 1

MONTREAL

Closing prices July 31

Total Sales 1,899,043 shares

Indices

NEW YORK-DOW JONES

	Aug 1	July 31	July 30	July 29	July 26	July 25	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,352.82*	1,347.45	1,348.18	1,343.86	1,357.08	1,353.61	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Transport	708.49*	692.88	692.12	679 78	698.28	685.28	702.6 (17/7)	553.83 (4/1)	702.60 (17/7/85)	12.32 (8/7/32)
Utilities	156.85*	157.08	156.75	155.28	157.42	158.49	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol		124.1m	102.2m	95.8m	108.9m	123.2m	—	—	—	—

	July 26	July 19	July 12	Year Ago (Approx)
Ind Div Yield %	4.52	4.51	4.58	5.88

STANDARD AND POORS

	Aug 1	July 31	July 30	July 29	July 26	July 25	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	213.38*	212.52	211.54	211.26	214.47	213.87	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	191.78*	189.82	188.83	188.60	192.40	192.06	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	July 24	July 17	July 10	Year Ago (Approx)
Ind div yield %	3.86	3.82	3.88	4.34
Ind. P/E Ratio	12.07	12.20	11.98	10.51
Long Gov Bond Yield	10.64	10.30	10.26	12.87

N.Y.S.E. ALL COMMON

Aug 1	July 31	July 30	July 29	1985 High	1985 Low
110.80*	110.47	109.88	109.80	113.49 (17/7)	94.60 (4/1)

RISES AND FALLS

	July 31	July 30	July 29
Issues traded	1,975	1,987	2,015
Rises	985	874	341
Falls	602	862	1,308
Unchanged	412	451	366

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Mid-So-Util	2,909,200	11¾	− ⅛
East Air	2,779,800	10⅞	+ ¼
Pan Am Corp	1,769,100	7⅛	unch
Tex Oil G	1,119,900	16⅛	+ ⅛
Old Energy	1,188,700	34⅛	+1¼
IBM	1,095,100	132½	+1⅛
ATT	915,200	21½	unch
Boeing	914,700	50⅛	+1⅞

Advances 934 Declines 563

TORONTO	Aug 1	July 31	July 30	July 29	1985 High	1985 Low
Metals & Minls	2,185.1*	2,096.0	2,092.82	2,188.18	2190.7 (13/2)	1886.0 (4/1)
Composite	2,768.9*	2,778.8	2,772.56	2,782.40	2884.6 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	137.06*	136.66	136.17	137.37	139.33 (19/7)	117.08 (4/1)

* Indicates pre-close figure

	August 1	July 31	July 30	July 29	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	939.8	938.0	933.5	934.7	935.7 (24/7)	715.3 (7/1)
Metals & Mins. (1/1/80)	548.8	551.0	552.0	550.9	583.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	94.29	94.28	94.89	96.01	105.73 (17/6)	85 21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2,310.73	2317.84	2325.40	2327.23	2327.23 (29/7)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	215.03	216.25	216.25	216.48	216.48 (29/7)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	213.3	212.4	213.2	215.2	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	121.8	120.7	121.4	122.9	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	u	481.88	461.88	465.82	502.62 (5/7)	382.39 (3/1)
Commerzbank (1/12/53)	1383.4	1351.4	1355.9	1367.7	1488.2 (5/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1678.85	1680.62	1688.24	c	1689.85 (22/7)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	355.09	354.16	353.03	354.05	359.03 (23/7)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12538.34	12232.27	12269.89	12591.42	13040.10 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1016.60	992.13	1006.1	1044.30	1055.91 (9/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	*217.7*	*216.7*	*217.0*	*217.8*	*220.9 (8/7)*	*185.6 (3/1)*
ANP-CBS Indust (1970)	186.0	184.9	184.4	185.2	188.8 (22/7)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	347.82	345.81	345.29	347.38	347.38 (29/7)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	765.96	771.95	773.98	777.45	852.65 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	—	874.9	902.6	1140.8 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	—	—	980.6	968.3	1038.8 (17/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	111.30	111.98	101.85	111.78	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (11/58)	1374.29	u	1382.79	1353.55	1488.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	c	453.9	457.6	464.9	469.1 (8/7)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	219.3	218.2	220.3	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday July 27 Japan Nikkei Dow 12890.40. Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 33

APPOINTMENTS

Taking over at Bestobell

Mr A. B. (Sandy) Marshall, chairman of BESTOBELL has announced that **Mr David Ingman**, has been appointed to the board from August 1. Mr Marshall also stated his intention to retire from the board after the anouncement of Bestobell's interim results in September, when it is proposed that Mr Ingman will take over the chairmanship. Mr Ingman was until recently a group director of the petrochemicals and plastics division of ICI. He was also a director of ICI's corporate engineering board. Mr Marshall, who has been chairman since June 1979, said: "Now that Bestobell is making good progress towards restoring profitability after the difficulties of last year, I feel it is an appropriate time to prepare for continuity of leadership."

Mr John A. Connell has been appointed a non-executive director of UNIPART GROUP, wholly-owned subsidiary of BL. He has spent his working life with the Heinz Corporation, and since 1973 has been responsible for operations in the UK and continental Europe.

★

Mr Georges C. Karlweis, a director of Banque Privée and Rothschild Bank AG, has been elected to the board of N. M. ROTHSCHILD AND SONS as a non-executive director.

★

Sir Austin Pearce is to join the board of PEARL ASSURANCE as a non-executive director. Sir Austin is chairman of British Aerospace and of Williams and Glyn's Bank, and is on the board of Royal Bank of Scotland Group.

CIGNA WORLDWIDE has appointed **Mr Ron Horgan** to the life and group operations as financial manager, based at Reigate.

★

JAMES CAPEL & CO has appointed **Mr Brian Tora** from August 1 as head of marketing and business development for its private clients department. He was a director of Touche Remnant Financial Management.

★

A new senior management team for the merged operations of IMPERIAL LIFE in the UK and Trident Life has been set up: **Mr J. R. M. Sutton** is appointed chief operating officer; **Mr I. G. Tweeddale**, operations director; **Mr J. C. Walton**, investment director; **Mr T. Lorigan**, finance director, and **Mr P. M. Saunders**, corporate marketing and sales director.

★

PRESTIGE GROUP, as part of a corporate re-organisation, has appointed three operational managing directors from August 1. They are **Mr Finlay McPherson**—responsible for international operations, **Mr Reg Bailey**—responsible for all UK housewares operations and **Mr Barry Jacques**—responsible for EEC operations.

★

Mr Michael Daw, has joined the board of DPCE (UK), computer maintenance company, as financial director. He has also been appointed company secretary of the parent company, DPCE Holdings. He joined DPCE (UK) in March 1984 as financial controller, after working as a senior financial accountant at Hewlett-Packard.

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES		
Asda Property	190	+10
Avon Rubber	267	+11
BOC	296	+10
BTR	336	+11
Barclays	392	+17
Beecham	341	+10
Brit Telecom	197	+ 5
Celtic Haven	106	+ 8
Century Oils	80	+ 7
Courtaulds	129	+ 6
Debenhams	317	+11
Diploma	195	+27
Glaxo	£12¾	+£¾
Harr Queen	270	+14
ICI	689	+25
LCP	107	+ 7
LRC Intl	135	+ 8
Lucas Inds	303	+10
Memec	260	+20
Mercant House	273	+26
Racal Elects	154	+ 6
Reuters B	285	+11
Utd Biscuits	182	+12
Whitbread A	230	+ 6
FALLS		
Ex 12¼% 1990	£105⅝	−£½
Ex 12% 2013/17	£119⅝	−£⅝
Barlow Rand	345	−20
Blue Circle	515	− 8
Johnstone Paints	75	−10
Sun Oil (UK)	115	−30

NORTH AMERICAN QUARTERLIES

ENSERCH
Energy, oilfield services

Second quarter	1985 $	1984 $
Revenue	748m	840m
Net profits	†67.4m	14.7m
Net per share	†1.20	0.16
Six months		
Revenue	1.7bn	1.95bn
Net profits	†21.4m	70.1m
Net per share	†0.51	1.03

†Loss reflects $156m in writedowns

FOSTER WHEELER
Process plant construction

Second quarter	1985 $	1984 $
Revenue	310.6m	249.5m
Net profits	8.5m	8.4m
Net per share	0.25	0.24
Six months		
Revenue	587.9m	571m
Net profits	17.5m	16.8m
Net per share	0.51	0.49

FOXBORO
Instrumentation, control systems

Second quarter	1985 $	1984 $
Revenue	138.3m	126.8m
Net profits	1.3m	632,000
Net per share	0.10	0.05
Six months		
Revenue	264.7m	248.8m
Net profits	1.4m	1.5m
Net per share	0.11	0.12

TEXAS AIR
Passenger carrier

Second quarter	1985 $	1984 $
Revenue	495.1m	330.6m
Net profits*	23.8m	9.6m
Net per share	1.49	0.60
Six months		
Revenue	906.5m	586.3m
Net profits*	29.6m	5m
Net per share	1.72	—

* Before extraordinary credits

TRAVELERS
Insurance

Second quarter	1985 $	1984 $
Op. net profits	78.8m	76.6m
Op. net per share	0.82	0.91
Six months		
Op. net profits	151.6m	145m
Op. net per share	1.74	1.72

WENDY'S INTERNATIONAL
Fast food chain

Second quarter	1985 $	1984 $
Revenue	290.4m	240.4m
Net profits	22.9m	18.2m
Net per share	0.24	0.20
Six months		
Revenue	526.8m	445.9m
Net profits	38.8m	32.2m
Net per share	0.50	0.44

Prices at 3pm, August 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.56	2.5	15	456	22⅞	22	22¼	+⅜
17⅜	9¾	AGS			13	138	17	16½	16¾	+¼
16½	9⅝	AMCA				8	12½	12⅜	12⅜	+⅛
21½	13	AMF	.25j		95	383	13½	13¼	13¼	−⅛
13⅝	12⅞	AMF wd				630	13½	13⅜	13⅜	
50⅝	24⅞	AMR			8	9781	50¼	49⅛	49⅞	+1⅝
22⅞	18⅝	AMR pf2.18		9.6		125	22¾	22⅝	22⅝	−⅛
23	19	ANR pf2.12		11.		100	20⅛	20⅛	20⅛	−⅛
14¼	7⅝	APL				61	10⅛	10	10⅛	+⅛
61⅛	44⅝	ASA		2	45	1264	44⅞	d43⅞	44¼	−1½
27	12½	AVX	.32	2.2	21	324	14⅝	14	14⅜	+½
28⅛	16	AZP	2.72	11.	7	1519	25¼	25	25⅛	−¼
60	36¾	AbtLab	1.40	2.5	16	1186	56¾	56⅛	56¾	+1¼
25⅞	19⅛	AccoWd	.50	2.2	17	218	23¼	22⅞	22⅞	−⅛
24¾	12½	AcmeC	.40	2.5		6	15⅞	15¾	15⅞	+⅛
10½	7⅜	AcmeE	.32b	4.1	10	6	7¾	7¾	7¾	
19	15	AdaEx	1.92e	10.		55	18⅜	18⅛	18⅜	+⅜
20	11⅞	AdmMl	.32	1.9	7	5	17	16⅞	16⅞	+⅛
19½	8⅝	AdvSys	.53t	4.7	18	96	11½	11⅜	11⅜	−⅛
41⅛	22⅛	AMD			18	3650	30⅝	30	30½	+¾
12¾	6⅞	Advest	.12	1.3	20	63	9¼	9⅛	9⅛	
15⅞	9¼	Aerflex			13	191	14¼	13½	14¼	+⅜
49⅝	29⅝	AetnLf	2.64	5.6	16	1614	47	46⅝	47	+½
57⅜	52⅜	AetL pf5.79e		10.		5	56⅛	56⅛	56⅛	+⅛
37⅜	18¼	Ahmns	1.20	3.9	8	8506	31⅛	30½	31⅛	+⅛
3⅜	2½	Aileen				23	2⅞	2¾	2¾	
57	40⅝	AirPrd	1.20	2.1	13	567	57	56⅝	56⅞	+¾
24⅝	14⅛	AirbFrt	.60	2.8	12	147	21½	21¼	21½	+¼
2⅛	1	AlMoa s				70	2⅛	2	2⅛	
29¼	23⅝	AlaP pf2.74e		9.7		200	28⅝	28⅝	28⅝	+⅜
33⅜	27¼	AlaP pfA3.92		13.		10	31¼	30⅞	31¼	+¼
8⅛	6¼	AlaP dpf.87		11.		72	7¾	7⅝	7⅝	−¼

[illegible]

Continued on Page 33

NYSE COMPOSITE PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28⅞	24⅜	PatRs	3.72e	14.		14	26⅝	26½	26½	
17	14	PatRs	pf1.57	9.7		22	16½	16¼	16¼	−¼
6⅞	2¼	Pirinv	.95e	28.		63	3⅜	3¼	3⅜	+⅛
53¾	31⅝	Pfizer	1.48	3.0	15	4220	49⅜	48¼	49¼	+1
24	12⅞	PhelpD				1803	23½	23¼	23⅜	−⅜
55	34	Phelp	pr 5	9.3		73	53¾	53	53½	−⅜
46⅛	23¾	PhibrS	.54	1.2	23	3376	43¾	43	43⅝	+⅞
16⅞	11	PhilaEl	2.20	14	6	2542	15¾	15½	15½	−⅛
31	23½	PhilE	pf3.80	13.		z10	29	29	29	
36½	25½	PhilE	pf4.40	13.		z150	34	34	34	
37½	26¾	PhilE	pf4.68	13.		z1200	36¼	35½	36	
67¼	51	PhilE	pf8.75	14.		z500	65	64	64	−1
11½	9¼	PhilE	pf1.41	13.		56	10¾	10½	10¾	+⅛
107⅛	100	PhilE	pf14.63	14.		241	u109	108	108	+4
10⅞	7⅝	PhilE	pf1.33	13.		118	10	9⅞	10	
10¼	7⅝	PhilE	pf1.28	13		135	9⅝	9½	9½	
126	99	Phil	pf17.13	14.		z100	121½	121½	121½	
115	87	PhilE	pf15.25	14.		z100	112	112	112	+½
79	61	PhilE	pf9.52	12.		z100	78	78	78	+1
74	52½	PhilE	pf9.50	14.		z1560	70¼	68⅞	68⅞	−1⅛
60½	44	PhilE	pf7.80	14.		z824	58	56⅞	56⅞	−⅜
60	43½	PhilE	pf7.75	13.		z100	57½	57½	57½	+1⅜
23¼	15¼	PhilSub	1.32	6.8	12	24	19½	19½	19½	+⅛
95⅛	67½	PhilMr	4	4.8	10	5104	84⅜	83⅝	84	+⅝
25⅞	11⅞	Phelpln	.60	2.4	14	228	24⅞	24⅝	24¾	+⅛
31¼	19	RyanH	1	3.5	11	71	28½	28⅛	28⅜	+¼
30⅞	21⅛	Ryder s	.60	2.0	12	1238	29¾	28½	29⅝	+⅛
29	13⅛	Ryland	.66	2.5	17	8	26⅝	26½	26½	+¼
20⅛	8½	Rymer			5	9	17⅝	17⅜	17⅜	
13⅜	11½	Rymer	pf1.17	9.8		37	12¼	12⅛	12¼	
		S S S								
53	37	SCM	2	3.5	15	654	u56½	53¾	56⅝	+3⅜
12½	8⅞	SL Ind	.22	1.8	10	17	12⅛	12	12	
33¾	19½	SPSTec	.80	2.6	15	12	31	31	31	+¼
20	15	Sabine	.04	.3	31	29	15¾	15¼	15¾	+½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, August 1

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 31

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Confidence leads to more gains

FAVOURABLE news on the federal budget negotiations and world oil prices brought a modest boost to confidence on Wall Street yesterday, *writes Terry Byland in New York.*

Airline issues extended their gains and the leading industrial stocks moved ahead after a slow start. But nervousness over interest rates was reflected in a sluggish bond market.

At 3pm the Dow Jones industrial average was up 7.62 at 1,355.06.

The stock market started the session briskly, encouraged by the credit market's confident response to the U.S. Treasury's record refunding programme. But bond prices failed to follow through on their initial gains and the stock market also briefly lost impetus.

With three major auctions of Treasury securities now scheduled for next week, and a further rise in the money supply expected, the bond market was unwilling to push forward again. Reports of Japanese buying of U.S. federal bonds were discounted and the market was again left to the Wall Street traders.

Utility stocks, always the stock market's litmus test of the outlook for interest rates, turned down again after a firm start.

However, this sector was held back by a fall of $⅛ to $11¾ in Middle South Utilities after Louisiana State rejected its application for rate increases to pay for its $3.5bn nuclear reactor project.

Although details of accord on the federal budget plans were uncertain, defence stocks moved up smartly. General Dynamics gained $1¼ to $77¼ and United Technologies $1⅛ to $42⅝.

Conformation that Venezuela is cutting oil prices gave airline issues further encouragement. There was heavy turnover in Eastern Air Lines, $⅛ up at $10⅜, with investors taking the view that higher fares throughout the industry make the company a prime recovery prospect.

Also strong again was United, $2⅜ higher at $57⅜, and its two domestic rivals, Delta, $1⅜ up at $50⅜ and American, $1⅜ higher at $49⅝.

Expectations of a healthy airline industry rubbed off on the manufacturers of civil aircraft. Boeing jumped at $1⅞ to $50 and McDonnell Douglas at $81 added $⅞.

There was selective buying of semiconductor recovery in industry order books.

Firm spots included Motorola, $½ up at $36⅜, and Intel $1 higher at $29¼.

However, the main line technology stocks showed only modest gains. IBM at $132 put on $¾ in average turnover. Digital Equipment gained $1⅜ to $102⅜, Honeywell $⅞ to $66⅝, and Burroughs $½ to $64⅝.

Motor stocks, too lacked enthusiasm. American Motors shaded $⅛ to $3, barely above the stock's low point, as news of a heavy second-quarter loss was digested. Chrysler shed $¼ to $36 but General Motors added $⅜ to $71⅛ and Ford $¼ to $44⅞.

There was a sharp drop in CBS when the board said holders of at least 6.4m shares had accepted the buyback offer – serious setback to Mr Ted Turner's attempt to take over the radio and television company. At $112¼, CBS stock plunged $3½. Meanwhile, Colgate-Palmolive, $⅛ up at $28, steadied as Wall Street assessed the implications of the corporate restructuring plans.

BankAmerica slid $⅛ to a fresh low of $15⅞, although selling moderated. Other bank stocks continued to hold firm, led by J. P. Morgan, $⅝ up at $49¼ and Bankers Trust, $¼ up at $68⅜.

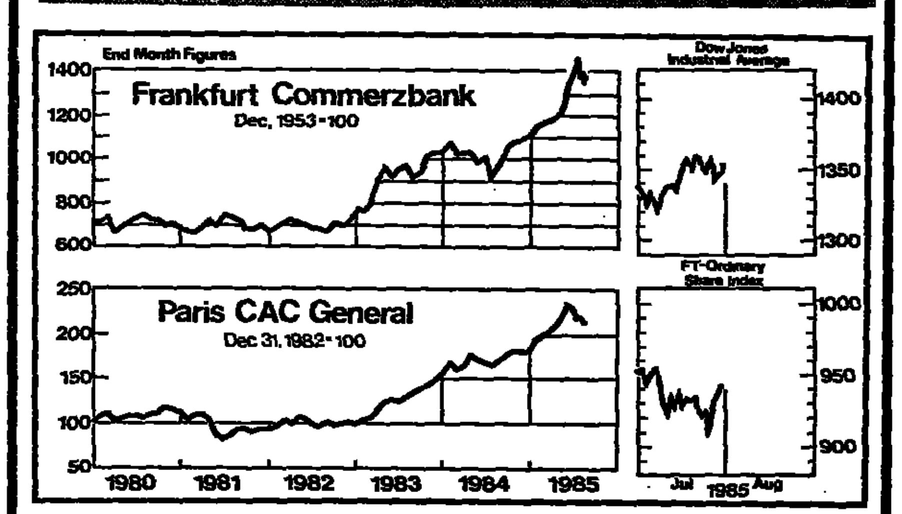
At $48½, Citicorp added $⅝ dispite refusal by the Fed its plans to buy a Dakota bank.

There were some firm spots among the retailers, reflecting the continued strength of consumer spending in the U.S. Federated Department Stores gained $1½ to $59½, and Sears, at $36 was ¼ better.

With the outlook for the dollar still uncertain, drug stocks moved narrowly. The best feature was Abbott Laboratories, $1¼ higher at $56⅜. In a mixed chemicals sector Union Carbide eased $¼ to $50¾ as the company commenced legal filings for the Bhopal case.

The credit markets were discouraged by a fresh rise in federal funds to 8⅝ per cent. Treasury-bill ans other short-term rates were little changed. The bond market opened higher but prices eased from their best levels at mid-session. While agrement on budget plans would help bonds, the market is unlikely to move far ahead of next week's heavy sales of U.S. treasury securities.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 1	Previous	Year ago
NEW YORK			
DJ Industrials	1,355.06*	1,347.45	1,134.61
DJ Transport	700.37*	692.88	485.50
DJ Utilities	156.70*	157.06	124.37
S&P Composite	192.07*	190.92	154.08
LONDON			
FT Ord	959.9	943.1	795.2
FT-SE 100	1,287.2	1,261.7	1,018.1
FT-A All-share	616.98	606.45	488.19
FT-A 500	676.44	663.69	527.35
FT Gold mines	319.9	330.6	485.7
FT-A Long gilt	10.25	10.19	11.27
TOKYO			
Nikkei-Dow	12,538.34	12,232.27	9,948.4
Tokyo SE	1,016.60	992.13	760.89
AUSTRALIA			
All Ord.	939.8	936.0	687.3
Metals & Mins.	549.8	551.0	410.9
AUSTRIA			
Credit Aktien	94.29	94.28	53.46
BELGIUM			
Belgian SE	2,310.73	2,317.64	144.31
CANADA			
Toronto			
Metals & Mins	2,105.1*	2,095.9	1,765.0
Composite	2,788.9*	2,778.6	2,186.7
Montreal			
Portfolio	137.08*	136.66	107.63
DENMARK			
SE	215.03	216.25	185.27
FRANCE			
CAC Gen	213.3	212.4	157.6
Ind Tendance	121.8	120.7	84.71
WEST GERMANY			
FAZ-Aktien	n/a	461.88	328.48
Commerzbank	1,383.4	1,351.4	953.7
HONG KONG			
Hang Seng	1,678.95	1,680.62	826.74
ITALY			
Banca Comm.	355.09	354.16	208.75
NETHERLANDS			
ANP-CBS Gen	217.7	216.7	149.2
ANP-CBS Ind	186.0	184.9	121.7
NORWAY			
Oslo SE	347.82	354.81	246.07
SINGAPORE			
Straits Times	765.96	771.95	945.71
SOUTH AFRICA	July 31	Prev	Yr ago
JSE Golds	–	909.4	879.0
JSE Industrials	–	958.2	809.9
SPAIN			
Madrid SE	111.30	111.98	96.57
SWEDEN			
J & P	1,374.29	1,354.78	1,490.58
SWITZERLAND			
Swiss Bank Ind	closed	453.9	368.6
WORLD	July 31	Prev	Year ago
Capital Int'l	219.3	218.2	168.3

GOLD (per ounce)

	Aug 1	Prev
London	$322.50	$325.25
Zurich	$326.25	$326.25
Paris (fixing)	$326.72	$329.71
Luxembourg	$326.50	$327.50
New York (Aug)	$320.00	$327.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 31	Previous	STERLING July 31	Previous
$	–	–	1.3835	1.4085
DM	2.822	2.8055	3.9	3.955
Yen	237.55	236.65	327.75	333.5
FFr	8.59	8.56	11.86	12.0575
SwFr	2.32	2.298	3.2	3.245
Guilder	3.1615	3.1525	4.3675	4.445
Lira	1,890.5	1,878.5	2,609.0	2,659.0
BFr	56.9	56.55	78.7	79.75
C$	1.354	1.3519	1.87	1.9075

INTEREST RATES

	Aug 1	Prev
Euro-currencies (3-month offered rate)		
£	11⅛	11 5/16
SwFr	4 11/16	4⅝
DM	4 15/16	4 15/16
FFr	14½	14½
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¼	8¼
6-month U.S.$	8½	8 9/16
U.S. Fed Funds	8 9/16*	9¼
U.S. 3-month CDs	7.85*	7.90
U.S. 3-month T-bills	7.27*	7.25

U.S. BONDS

Treasury		Aug 1* Price	Yield	Prev Price	Yield
8¾	1987	99 21/32	9.03	99 23/32	9.05
10⅜	1992	100 7/32	10.36	99 25/32	10.44
11⅝	1995	104 19/32	10.50	103 19/32	10.60
11¼	2015	105 20/32	10.62	104 16/32	10.76

Corporate	Aug 1* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101¼	9.96	100¾	10.11
3⅞ July 1990	81¼	8.50	80⅞	8.80
8¾ May 2000	84	11.00	83½	11.10
Xerox				
10⅞ March 1993	97.35	11.00	96.85	11.30
Diamond Shamrock				
10⅜ May 1993	97.035	10.85	96.535	11.35
Federated Dept Stores				
10⅞ May 2013	84	10.95	83½	11.10
Abbot Lab				
11.80 Feb 2013	101½	11.50	101	11.75
Alcoa				
12½ Dec 2012	101	12.00	100.50	12.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	75–19	75–27	75–13	75–06
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.69	92.74	92.67	92.67
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.00	92.07	92.00	91.97
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.73	91.75	91.58	91.63
20-year National Gilt £50,000 32nds of 100%				
Sept	112–00	112–23	111–24	112–14

COMMODITIES

(London)	Aug 1	Prev
Silver (spot fixing)	445.30p	443.65p
Copper (cash)	£1,069.00	£1,056.00
Coffee (Sept)	£1,629.50	£1,584.00
Oil (spot Arabian light)	$27.275	$27.20

LONDON

Unexpected display is summer best

INSTITUTIONAL investors returned unexpectedly yesterday and London enjoyed its best session this summer. Industrials led the charge with the accent on international issues and overseas earners after the sudden mid-afternoon weakness in the pound.

The FT Ordinary share index rose 16.8 to 959.9.

Gilt-edged securities maintained a quietly firm stance until weakening with the exchange rate. Short-dated stocks run into a spate of selling, mainly representing domestic profit-taking and fell ⅜ before recovering to close ½ down.The longs settled with losses stretching to ⅝.

Chief price changes, Page 31; Details, Page 30; Share information service, Pages 28–29

HONG KONG

LIGHT selling pressure brought prices lower in Hong Kong and a lack of interest from investors was evident.

The Hang Seng index, up more than 8 points early in the day, ended 1.67 lower at 1,678.95.

Among banking issues, Bank of East Asia shed 20 cents to HK$23.20, Hongkong Bank lost 5 cents to HK$7.95 while Hang Seng Bank added 65 cents to HK$47.90.

AUSTRALIA

A SECOND consecutive day of gains took the All Ordinaries share index up 3.8 to 939.8.

Cooper Basin oilfields stocks were popular, with CSR 9 cents higher at A$3.34, Santos 30 cents ahead at A$6.00, Vamgas up 10 cents at A$4.10 and Bridge Oil gaining 2 cents to A$2.50.

BHP rose 8 cents to A$6.74 but other resource stocks tended to lose ground. Interest in golds waned throughout the day and the sector ended mixed. Takeover situations continued to simmer.

SINGAPORE

PERSISTENT selling weakened share prices in Singapore as the market struggled to find a definite direction.

Pahang Investment continued to be actively traded, losing 3 cents to 59 cents as 683,000 shares changed hands. Federal Cables was also in the limelight again, shedding 1 cent to S$1.04.

Sime Darby, the third most active share, rose 2 cents to S$1.94 and elsewhere, Fraser and Neave turned 5 cents lower at S$5.65, Genting lost 10 cents to S$5.60 and Pan-Electric 8 cents to S$2.08.

Hotels, properties and plantation stocks also eased.

SOUTH AFRICA

AN EASIER tone was evident across the board in Johannesburg, with gold shares turning lower on the back of a weak bullion price.

Speculative interest in the weak rand, which buoyed prices on Wednesday, subsided. Investors were also anxious about news that the U.S. is discussing a bill to impose economic sanctions on South Africa.

Randfontein was among the heaviest losers, shedding R9 to R184, Blyvoor dropped R1 to R11.75 and Buffels lost R3.50 to R61.

CANADA

OIL AND GAS stocks edged higher in Toronto while some gold issues fell to profit-taking.

Southam led the actives, rising C$2¼ to C$65 after two days of losses. Massey-Ferguson, second most active, added 10 cents to C$3.40.

Elsewhere, Genstar rose C$⅜ to C$35, Canadian Pacific C$¼ to C$19⅜ while Hayes Dana fell C$⅛ to C$12⅛.

Industrials and banks firmed in Montreal as utilities drifted lower.

TOKYO

Strong rally led by financials

AFTER THREE consecutive lower sessions, share prices rallied sharply almost across the board in Tokyo yesterday, with financial and blue-chip stocks leading the way, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average soared 306.07 to 12,538.34, the second largest one-day rise on record and the largest since September 1981. Volume swelled to 513m shares from the previous day's 426m. Advances outpaced declines by 570 to 244, with 104 issues unchanged.

The rally, following a three-day loss of 458 points on heavy selling by large life insurance companies and profit-taking by foreigners, was prompted by the usual energetic selling efforts by securities firms at the beginning of the month and brisk buying by institutional and individual investors.

Prominent among the gainers were the non-life insurances and other financial stocks that had led the decline. Tokio Marine and Fire Insurance climbed Y40 to Y890 and Sumitomo Marine and Fire Insurance Y35 to Y680.

Among other financials, Mitsubishi Trust and Banking, which had moved the maximum Y200 down on Wednesday, rose Y200 to Y1,290. Other banks and securities houses were higher on a broad front.

Blue chips firmed in thin trading. Hitachi added Y27 to Y727, NEC Y50 to Y964, Sony Y200 to Y3,700 and Olympus Y65 to Y1,000.

But medium and small-capital incentive-based stocks attracted more buyers than financials and blue-chips. Topping the most active list with 40.44m shares, biotechnology and consumer product-related Kanebo gained Y30 to Y475.

Gold miner Mitsubishi Metal was second most active and firmed Y26 to Y691 – with 28.48m shares traded. Atsugi Nylon, a consumer product-related issue, rose Y38 to Y513.

Toray, ranking third on the list with 24.52m shares, rose Y39 to Y519 and Teijin, also active, put on Y16 to Y481.

Construction stocks, particularly public works-related, gained ground with Wakachiku Construction rising Y64 to Y699.

Among biotechnology-related issues, Daiichi Seiyaku rose to record Y2,520 at one stage but fell back on late profit-taking to close Y10 down at Y2,430.

The bond market strengthened further as bank dealers bought heavily in response to the overnight surge in the U.S. The long-term government bond due in December 1994 fell sharply to 6.340 per cent from Wednesday's 6.420 per cent. The two successive days of falling bond yields were greeted with caution by some institutional investors.

EUROPE

Foreigners again left to set pace

IT WAS left to foreign investors again to set the pace on the European bourses yesterday as most domestic operators were preoccupied with summer holidays.

Overseas buying and several good corporate results enabled **Frankfurt** to rebound from its recent weakness. The Commerzbank index jumped 32 to 1,383.4, returning it almost precisely to its week-ago level.

Siemens after-tax profits figures stimulated overall buying and left the electrical group DM 15.50 higher at DM 544.

Motor stocks, which have recently sustained heavy bloodletting due to currency factors, extended the previous session's gain with further solid progress. Daimler led the sector with a DM 17.30 jump to DM 839.30 ex-dividend and VW rose DM 10 to DM 295.50 Porsche weakened DM 19 to DM 1,270.

Deutsche Bank, the last major bank to report profits in the current season, added DM 5.50 to DM 558.50, while in stores, Horten picked up DM 1.50 to DM 184.50 on results although Karstadt managed a DM 5 jump to DM 235.

Munich Re shed another DM 40 to DM 1,710 on further consideration of its dividend policy, while associate insurer Allianz strode DM 45 ahead to DM 1,345.

Conti-Gummi added DM 3.80 to DM 144.50 amid Cartel Office approval for its acquisition of Semperit Tires.

Zurich stock market was closed yesterday for a national holiday.

Foreign support was evident in the bond market with gains of up to 25 basis points in moderate trading. The Bundesbank sold DM 55.1m in paper compared with DM 27.2 on Wednesday.

The mixed finish in **Amsterdam** provided several features, with overseas activity evident throughout the session. Banks, insurers and isolated local issues found favour and took the ANP-CBS index 1.0 higher to 217.7.

Fokker stole the show with its Fl 6.90 surge to Fl 80 as foreign investors jostled to buy the aerospace group after its Fl 1.2bn order from USAir, which augurs well for other American business.

At the local consumer end of the airline sector, KLM put on Fl 2.80 to Fl 63.30, just below its high for the year.

Other internationals were strong, with Unilever reversing an early 50 cent decline to end Fl 1.30 up at Fl 346.50 while Royal Dutch picked up Fl 1.10 to Fl 196.10.

In banks, ABN managed a Fl 6 jump to Fl 504 ex-rights while Amro settled 90 cents up at Fl 87.

Bond prices perked up as a paper shortage was compounded with strong foreign interest ahead of this month's Fl 1bn state redemption plans.

The interest rate rise in **Brussels** dampened sentiment further as utilities fell back again. Intercom dropped BFr 20 to BFr 2,245 and Unerg was BFr 10 cheaper to close at BFr 1,725.

Chemicals and oils were mixed after two steady sessions. Solvay retreated BFr 80 to BFr 4,420 while UCB was unchanged at BFr 5,000, Petrofina surrendered BFr 20 to BFr 5,730.

Stockholm enjoyed another busy session, with the Veckans Affarer All-share index hitting a three-month high of 476.7, a rise of 5.5. Persistent overseas buying was translated into SKr 7 gains for Volvo at SKr 260 and Electrolux at SKr 293 while Ericsson advanced SKr 6 to SKr 255. Esselte moved against the trend with a SKr 5 decline to SKr 355 and Aga dipped SKr 1 to SKr 115.

Price levels moved higher in a firmer **Paris** as domestic investors moved in sympathy with Wall Street's Wednesday performance and overseas buyers reentered the market. Elf Aquitaine recovered some recently lost ground with a FFr 6 rise to FFr 197 and Peugeot added FFr 10 FFr 344. Roussel-Uclaf held steady at FFr 1,510 after the news of its state share transfer and metals group Nord Est rose FFr 3 to FFr 93.50.

Madrid declined slightly while **Milan** picked up steam although the banking sector was dulled by the Banco di Roma capital increase.